Daily Report

Latin America

FBIS-LAT-94-024
Friday
4 February 1994

Daily Report
Latin America

FBIS-LAT-94-024 *4 February 1994*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.
An Ω indicates a Foreign Media Note.

INTERNATIONAL AFFAIRS

Dominica Trade Minister Prefers Regional Trade *[CANA]* 1

CARIBBEAN

Cuba

Castro, Robaina Bid Farewell to Mexican Ambassador *[Havana Radio]* 2
Havana Notes Mexican Reaction to U.S. Meeting *[Havana TV]* 2
UN Delegation Denounces U.S. Occupation of Guantanamo *[Havana Radio]* 2
Cuban Vice President Comments on Economic Opening *[O GLOBO 3 Feb]* 2
Alarcon: Relations With EU 'On Right Track' *[Havana Radio]* 3
UPEC Committee Sends Message of Commitment to Castro *[Havana Radio]* 3
Emigration/Immigration Issue Addressed *[Havana Radio]* 3
Country Elected to Chair UN Outer Space Committee *[Havana Radio]* 4
Ross Chairs Workers Parliament at Camaguey University *[Havana Radio]* 4
Raul Castro Tours Las Tunas, Praises Agricultural Efforts *[Havana TV]* 5

Haiti

'Bitter Words' Exchanged Between Roy, U.S. Diplomat *[Port-au-Prince Radio]* 5
Dupiton Pleads Innocent to Assassination Involvement *[Port-au-Prince Radio]* 6
MDN Calls for Antiembargo Demonstration 4 Feb *[Port-au-Prince Radio]* 6
Youth Movement Supports Demonstration *[Port-au-Prince Radio]* 7

MEXICO

Commission Rejects U.S. Human Rights Hearings *[Mexico City TV]* 8
Official Denounces Hearings *[Mexico City TV]* 8
Inquries Show 'No Evidence' of Human Rights Abuses *[Mexico City TV]* 8
EZLN Replies to Peace Commissioner's Proposal *[Mexico City Radio]* 8
Roundup of Economic Developments Through 2 Feb *[Mexico City TV, etc.]* 9

CENTRAL AMERICA

Costa Rica

Niehaus Confident of Winning OAS Secretary General Post *[Santa Fe de Bogota TV]* 10
Roundup of Economic Developments Through 2 Feb *[LA NACION 19 Jan, etc.]* 10

El Salvador

Roundup of Economic Developments Through 2 Feb *[EL DIARIO DE HOY 27 Jan, etc.]* 10

Guatemala

Transportation Strike Enters 3d Day; President Cited *[ACAN]* 11
Violence Reported *[Guatemala City TV]* 11
Gasoline Supply Begins To Run Out *[AFP]* 12
Transportation Board Ends Strike *[AFP]* 12

De Leon Announces Strike End *[NOTIMEX]* 12
Striker's Accept Conditions *[Guatemala City TV]* 13
Government Professionals Begin Progressive Strike *[PRENSA LIBRE 2 Feb]* 13
De Leon Reacts to U.S. Human Rights Report *[Guatemala City TV]* 13
Congress President on Results of 30 Jan Referendum *[Guatemala City TV]* 14
Inter-American Bank Grants Credit *[PRENSA LIBRE 27 Jan]* 14

Honduras

* PL Holds Overwhelming Congressional Majority *[TIEMPO 30 Nov]* 14
* First Quarter, First Half Exports Increase *[TIEMPO 2 Nov]* 14
* CPI Reflects Increase in Inflation Rate *[LA TRIBUNA 16 Dec]* 15
* Treasury Reports Increased Revenues *[LA PRENSA 17 Nov]* 15
* Budget for 1994 Tops 6.1 Billion Lempiras *[EL HERALDO 16 Dec]* 15

Nicaragua

Government 'Unaware' of U.S. Human Rights Report *[BARRICADA 3 Feb]* 16
Presidency Minister: Government Won't Tolerate Chaos *[LA PRENSA 29 Jan]* 16
Roundup of Economic Developments Through 2 Feb *[Managua TV, etc.]* 17
* Development Bank Reports 1994 Credit Policy *[LA PRENSA 9 Jan]* 17
* Confiscation Bonds To Be Revalued *[LA PRENSA 13 Jan]* 17
* Creation of Deputy Minister Posts Explained *[LA PRENSA 11 Jan]* 18
* Luis Carrion Proposes Changes in FSLN *[BARRICADA 21 Jan]* 18

Panama

Roundup of Economic Developments *[ACAN, etc.]* 18
Roundup of Electoral Developments *[Panama City TV, etc.]* 18

SOUTH AMERICA

Argentina

Falkland Islanders Question Purchase of U.S. Skyhawks *[LA PRENSA 2 Feb]* 20
Foreign Minister: U.S. Human Rights Report 'Unjustified' *[CLARIN 3 Feb]* 20
Di Tella Discusses Meeting with 'Arafat *[CLARIN 3 Feb]* 21
Roundup of Economic Reports Through 3 Feb *[NOTICIAS ARGENTINAS, etc.]* 21

Brazil

Government Repudiates U.S. Human Rights Report *[Brasilia Radio]* 22
President Itamar Franco Interviewed *[O GLOBO 1 Feb]* 22
Cardoso: Congress Responsible for 'Governability Crisis' *[Brasilia Radio]* 25
Cardoso 'Pours Out His Heart'; Criticizes Congress Impasse *[Rio de Janeiro TV]* 25
Foreign Minister Underlines Increased Trade Within Mercosur *[Brasilia Radio]* 26
Cuban Council of State Vice President Arrives *[Rio de Janeiro TV]* 26
Qatar, Brazil To Intensify Trade, Diplomatic Relations *[Brasilia Radio]* 26
Ambassador Protests Over World Bank Director's Statement *[Brasilia Radio]* 26
Britto Not To Run For President; Favors Alliance *[O GLOBO 2 Feb]* 26
Judge Rejects Injunction Against Constitutional Revision *[Brasilia Radio]* 27
U.S. Company Accused of Smuggling Wood From Amazon *[Rio de Janeiro TV]* 27
Exporters To Retain 20 Percent of Coffee Exports *[O ESTADO DE SAO PAULO 3 Feb]* 27
Roundup of Economic Reports Through 3 Feb *[O ESTADO DE SAO PAULO 27 Jan]* 28
* BNDES Head on Stabilization Plan, Privatization *[O GLOBO 9 Jan]* 28
* Rapporteur Views Prospects for Constitutional Revision *[VEJA 12 Jan]* 30

Chile

Roundup of Economic Reports Through 3 Feb *[EL MERCURIO 19 Jan]* 34

Colombia

Gaviria Urges Venezuela's Caldera To Continue Integration Process *[AFP]* 34
Roundup of Economic Developments Through 2 Feb *[EL TIEMPO 22 Jan, etc.]* 35
Roundup of Electoral Developments *[EL TIEMPO 24 Jan, etc.]* 35

Ecuador

Officials Firm on Price Hike; More Demonstrations Planned *[Quito Radio]* 36
Strike Paralyzes Quito; No Violence Reported *[Quito Radio]* 36
Picketing Closes Streets in Quito; Clashes Reported *[Madrid EFE]* 37
Roads to Legislative Palace Closed; Protests Continue *[Quito Radio]* 37
Government Spokesperson Reports Calm in Quito *[Quito Radio]* 38
Government Minister Sees 'No Reason' To Decree Mobilization *[Quito Radio]* 38
Police Colonel Says 'Everything Under Control' With Strike *[Quito Radio]* 38
Government Bulletin Says 130 Arrested in Disturbances *[Madrid EFE]* 39
Disturbances Continue Despite 'Massive Police Presence' *[Quito Radio]* 39
Labor Minister Says 50 Percent of Workers Observing Strike *[Quito Radio]* 39
Government Minister Gives News Conference *[Quito Radio]* 40
FUT Leader Terms Strike 'Plebiscite' on Government Policies *[Quito Radio]* 41
Gasoline Station Attendants, Utility Workers Join Strike *[Quito Radio]* 42
Roundup of Economic Developments Through 2 Feb *[NOTIMEX]* 42

Paraguay

Government Conditions U.S. Military Aid Offer *[ABC COLOR 2 Feb]* 42
Roundup of Economic Reports *[ABC COLOR 30 Jan, etc.]* 43

Peru

Paraguay's Wasmosy Holds News Conference, Departs *[Lima TV]* 43
Roundup of Economic Developments Through 2 Feb *[Lima Radio, TV]* 43

Venezuela

Caldera Injured in Minor Traffic Accident *[Madrid EFE]* 44
Association Protests U.S., UK Actions on Fuel Exports *[Caracas TV]* 44

Dominica Trade Minister Prefers Regional Trade

FL2901021394 Bridgetown CANA in English 1609 GMT 28 Jan 94

[Text] Roseau, Dominica, 28 Jan, CANA—Dominica's trade minister, Charles Maynard, says he is more interested in having better Caribbean trade than in boosting trade among the wider developing nations. For example, he said, over any "Scuth/South" trade, he would welcome an opportunity for "shipping things into Barbados."

"Let us look at more trade with our neighbours. Let us look at more trade in Caricom (the Caribbean Community). Let us look at more trade with Guadeloupe and Martinique," Maynard suggested. He was reacting to agronomist Arthie Martin's suggestion that Caribbean countries should engage in more South/South trade.

Martin said that traditional trading arrangement which small countries like Dominica have with the industrialised world might take a beating from international trade arrangements like the North American Free Trade Agreement and the General Agreement on Tariffs and Trade.

Maynard said: "We have engaged in a programme of moving into trade with Venezuela... Despite that, this has been on for more than a year ... We have not seen any breakthrough." He also pointed to trade-related matters with Colombia and other Latin American countries, which "have remained merely at the level of discussions." He urged local manufacturers here to try to expand their exports in and out of the region.

Cuba

Castro, Robaina Bid Farewell to Mexican Ambassador

FL0302144894 Havana Radio Progreso Network in Spanish 1200 GMT 3 Feb 94

[Text] President Fidel Castro last night attended the farewell reception held for Beatriz Paredes Rangel, Mexican ambassador to Cuba, with whom Castro talked at length. Foreign Minister Roberto Robaina and other government leaders, representatives of the different sectors of the national life, and the diplomatic corps accredited in Cuba also attended the reception.

Mexican President Carlos Salinas de Gortari has designated Ambassador Paredes, a distinguished Mexican political figure, chairman of the National Commission for Development and Justice for the Indian Populations of Mexico [Comision Nacional de Desarrollo y Justicia de los Pueblos Indigenas de Mexico].

While serving as ambassador to Cuba, Paredes did outstanding work toward optimal development of the relations between the two countries, which has won her the respect and esteem of the authorities and the population of Cuba.

In the name of her government, the diplomat yesterday afternoon donated to Casa de las Americas 115 works of folk art from the various Mexican states, and she reiterated to the Cubans that Mexico has never, nor will it ever, abandon them.

Havana Notes Mexican Reaction to U.S. Meeting

FL0402025194 Havana Cuba Vision Network in Spanish 2320 GMT 3 Feb 94

[Text] Today, official Mexican sources reacted against a meeting held in the United States on human rights in their country. According to (Andres Rosenthal), Mexican deputy secretary of foreign relations, yesterday's meeting, held by a subcommittee of the U.S. House of Representatives, which was summoned by Robert Torricelli, is anti-Mexican and seeks to interfere with the domestic affairs of his country. (Rosenthal) said that according to the Mexican people, it is unacceptable for the U.S. to try to judge or tarnish the reputation of his country because of some people's resentment that Mexico enjoys normal diplomatic relations with the Cuban Government. Furthermore, (Rosenthal) added, Torricelli is one of those who is offended at having lost the battle against the free trade agreement, which was recently established among Mexico, the United States, and Canada.

UN Delegation Denounces U.S. Occupation of Guantanamo

FL0402024594 Havana Radio Rebelde Network in Spanish 0000 GMT 4 Feb 94

[Text] Cuba has stated in Geneva that the United States intends to overwhelm with hunger the firm desire of our people to exercise their right to self-determination and independence, for which Cuba has been enduring a severe economic and financial blockade for more than 30 years.

Cuban Ambassador to the United Nations Jose Perez Novoa told the UN Human Rights Committee that the U.S. occupation of Guantanamo against the will of Cuba is one more example of the denial of that right.

Novoa spoke a second time today to express his position on point nine of the agenda, that is, free determination and its application to nations submitted to colonial domination or foreign occupation.

Cuban Vice President Comments on Economic Opening

PY0402015694 Rio de Janeiro O GLOBO in Portuguese 3 Feb 94 p 18

["Excerpts" of interview with Cuban Vice President Carlos Lage by Maria de Fatima Rodrigues; answers were sent in writing from Havana; date not given]

[Text] [Rodrigues] What are the difficulties facing Cuba as a result of the suspension of Soviet aid and the U.S. economic embargo?

[Lage] The adverse situation we have been facing ever since the collapse of the socialist bloc and the Soviet Union's disintegration is not a result of the suspension of Soviet assistance in itself, but the result of the loss of markets, the lack of fair prices, and the lack of mutually favorable economic and trade exchange conditions. Today we must face major disadvantages in our relations with the world. The hardening of the U.S. blockade and the pressures of all types applied by the United States against companies and governments make our access to credits difficult and undermine our efforts in the areas of trade and capital investment.

[Rodrigues] What is the country doing to survive?

[Lage] We are seeking new markets, new sources of capital, new technologies, and new paths for development conceived in the context of a community of nations that will disappear as a community, and in some cases nations that will disappear as nations. Meanwhile, we took some measures anticipating a virtual dismantling of the USSR even before it collapsed, such as increasing our exports and the replacement, as much as possible, of imported products by national products. We also gave incentives to savings in all fields and we urged a more rational use of available resources, particularly in the area of energy.

[Rodrigues] What are the embargo's most visible results?

[Lage] This will give you an idea of the sanctions' impact. In 1989 our imports totalled $8.2 billion. Three years later they were only worth $2.2 million [figures as published] and today they continue shrinking. We had to reduce our imports 70 percent in only four years. And ours is an economy that depends on foreign trade to develop. We had to reduce the importation of vital products such as oil.

[Rodrigues] Cuba has not implemented such a deep program of changes in its economic structures as is being planned today since the transformation that accompanied the 1959 revolution. Is there a model that is being used as a basis?

[Lage] It is being mistakenly said abroad that Cuba must present a program of economic reorganization. We already have a model, the socialist model.

[Rodrigues] What is changing in Cuba in light of the new world economic context?

[Lage] For instance, it was necessary to adopt a group of urgent measures to transform our foreign trade system and reorient it to facilitate the search for new markets for our products. That is something easy to say but very difficult and complicated to implement, particularly considering that 85 percent of our trade involved the Soviet Union and the other East European countries before 1989. We had to hurry to find markets for our sugar, nickel, and citrus, always having present the U.S. blockade's increasing pressure in each operation. Already operating in the country are 476 foreign commercial firms from nearly 40 countries, some of them with their own independent representation and others that are represented through national state and private companies. We also have sponsored a process of opening for foreign capital and allowed various kinds of associations, such as mixed enterprises in the tourist area.

[Rodrigues] But those changes are purely capitalistic, making the failure of the economic model conceived by the socialist system obvious, are they not?

[Lage] We cannot speak of a failure of the socialist system in Cuba. We found ourselves suddenly submerged in a crisis that originated abroad, that came from outside. With that I do not want to say that our model does not have insufficiencies, deficiencies, and mistakes. But the crisis was provoked by external factors, not internal reasons. And the situation was aggravated by the U.S. blockade of the country. Despite it all, we are determined to show that the Cuban socialist model not only did not fail, but it continues to be active and is seeking to get consolidated. We know our model is not perfect, but it has achieved many good things.

[Rodrigues] Does the economic opening have a limit?

[Lage] Practically all productive areas of the economy are open to possible associations with foreign investors. Regrettably, we cannot give details. Our experience forces us to use discretion to avoid pressures against entrepreneurs who might be interested in investing in Cuba. Today we can speak of an increased opening in the sense that some negotiations that were unthinkable only three years ago are being carried out today.

[Rodrigues] What countries are Cuba's main economic partners today?

[Lage] Our main partners are Russia, China, Spain, Canada, Italy, and France.

Alarcon: Relations With EU 'On Right Track'

FL0302161494 Havana Radio Rebelde Network in Spanish 1000 GMT 3 Feb 94

[Text] National Assembly President Ricardo Alarcon has expressed his conviction that Cuba's relations with the European Union [EU] are on the right track; he is hoping to conclude a general cooperation agreement with the EU soon.

Alarcon is currently visiting Germany. On 2 February, in Bonn, he met with (Hans Klein), vice president of the German Parliament; deputies in charge of relations with Central America and the Caribbean; and representatives of the Christian Democratic Union, headed by Chancellor Helmut Kohl.

In statements to the press, Alarcon stressed: Cuba has to make a series of changes in its economy, but it is not seeking to transform the basic elements of its political design, which is socialism.

UPEC Committee Sends Message of Commitment to Castro

FL0302185894 Havana Radio Rebelde Network in Spanish 1800 GMT 3 Feb 94

[Text] The participants in the extended plenum of the national committee of the Union of Cuban Journalists [UPEC], giving continuity to the Sixth UPEC Congress, have sent a message to Fidel in which they reaffirm that Cuban journalists will tackle today's missions with renewed energy. The letter states: Upon the conclusion of the agenda of our sixth congress, we wish to express the intense commitment this process generated in our journalists.

Two issues not fully debated in the congress because of time constraints were discussed in this meeting: Cuba's image abroad and media finances. The participants were unanimous in stressing the role of our media in disseminating the true image of Cuba and in confronting the U.S. blockade as well as the campaigns of the disinformation multinationals.

Emigration/Immigration Issue Addressed

FL0302203394

[Editorial Report] Havana Radio Rebelde Network in Spanish at 1255 GMT on 3 February features, during its

"Doing Radio" program, four reports on the issue of emigration to the United States:

Reporters Roberto Cavada and Roberto Gili engage in a six-minute conversation in which they point out that emigration is a normal, worldwide phenomenon and that there are Cubans living in many countries besides the United States. The reporters note that Foreign Minister Roberto Robaina has discussed this issue and that most Cuban emigration has been of an economic nature—with the exception of the exodus of 1959, when hundreds of professionals and political henchmen and other kinds of criminals left for political reasons. In conclusion, the reporters note the way the United States, by giving a hero's welcome to those who make such a trip while denying visas to ordinary Cuban citizens, encourages dangerous attempted departures by rafters.

Next, reporter Tony Gonzalez Martin conducts a five-minute telephone interview of Cuba exile Nicolas Rios, who lives in Miami, publishes the magazine CONTRAPUNTO, and received PRENSA LATINA's 1993 journalism award.

Asked how people in Miami feel about the rafters in light of the recent deaths of nine people—five of whom were minors—Rios stresses that it is a known fact that the Cuban Government grants anyone with a visa and the money to buy a ticket permission to leave Cuba. However, despite having signed an accord to that effect, the U.S. Government fails to grant the 20,000 visas a year for which the accord calls. This is why rafters take to the seas—adds Rios.

Rios points out that official U.S. and Miami stations encourage people to do this by giving rafters a hero's welcome. He stresses that responsibility lies with those, both in Miami and within the U.S. Government, who control public opinion.

In conclusion, Rios stresses that the Cuban community's opinion cannot be perceived properly because there is no room in the media for those whose opinions differ from the official position. He adds that many reject such oppression but have no means for saying so.

An announcer conducts a telephone interview with a relative of one of those who died recently at sea. The relative stresses that the idea of leaving in a raft "got just stuck" in the deceased's head.

The announcer plays a 1967 recording of a Radio Havana Cuba program entitled "Our Leaders Respond" in which former Cuban Foreign Minister Raul Roa Kouri addresses the issue of emigration from Cuba. In this recording, Roa says the Cuban Government's policy has always been to let people go freely; that the United States, which blocks legal departures, is responsible for the plight of the rafters; and that all of that is part of a smear campaign against Cuba.

The announcer reiterates that Cuba continues to abide by the 1984 immigration accords.

Country Elected to Chair UN Outer Space Committee

FL0402024494 Havana Radio Rebelde Network in Spanish 0000 GMT 4 Feb 94

[Text] Cuba was elected today to chair the Outer Space Committee [Comite del Espacio Ultraterrestre], one of the organizations sponsoring the UN Disarmament Conference, and representing the so-called Group of 21 neutral and nonaligned countries.

The decision was made in Geneva during a plenary session when the Group of 21 submitted Cuba's candidacy, which was approved by all members of the conference. Cuban Ambassador Jose Perez Novoa will head the committee which last year was chaired by the German representative to the Disarmament Conference.

The developing nations have traditionally paid special attention to this organization, which will now be chaired by our country, taking into consideration the impact the prevention of the arms race and the outer space program will have on the Third World.

Ross Chairs Workers Parliament at Camaguey University

FL0402031194 Havana Radio Rebelde Network in Spanish 0000 GMT 4 Feb 94

[Relay from Los Pilajones, Camaguey Province, by Adolfo Silva]

[Text] Pedro Ross, secretary general of the Cuban Workers Federation and a Politburo member, has stated that during the workers' parliaments in the country, the workers convey their political perception and patriotic spirit in facing current problems.

In remarks to the press in Camaguey, Ross praised the positive development of these parliaments, during which the workers express ideas and propose solutions. Ross today chaired the first of the three parliaments at Camaguey University scheduled to discuss the economic and financial situation in the country and at the university.

Among the suggestions proposed by the workers, to be implemented at the university, are the better use of the budget without affecting the educational process, increasing the [word indistinct] of outstanding students, solutions to the food self-supply difficulties, and the control of resources.

The list of proposals also includes ceiling prices for products sold by self-employed vendors, paying for tickets to sports activities, collecting fees from foreign students who can afford to pay them, tax exemption for salaries, and increasing economic activity at the regional level.

Raul Castro Tours Las Tunas, Praises Agricultural Efforts

FL0302155194 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 3 Feb 94

[Text] Army General Raul Castro, minister of the Revolutionary Armed Forces, and the delegation accompanying him are visiting Las Tunas Province. The delegation stopped at Colombia Municipality where Raul and his companions talked with Manuel Quesada, first secretary of the Communist Party of Cuba [PCC]. First, the good news: The sugar harvest is progressing at 101 percent of the plan and 40 percent of the production plan has been completed. The Colombia Mill, which has meet every production plan in the last 20 years, expects to do so again. The mill is engaged in the sugar recovery program and to this end will contribute the 16 recently created Basic Cooperative Production Units, in addition to the state farm managed by the Youth Labor Army [EJT], which has increased the yield of its sugarfields by 10,000 arrobas per caballeria, and the Leningrad Farming Cooperative with its 112 caballerias.

During a visit to cattle ranches, Raul points out the negative aspect of extensive marabu weeds, saying that a solution has to be found so that the 25,000 head of cattle yield more milk and meat. [Politburo member Alfredo] Jordan explains that a nationwide machete campaign is being waged against marabu with the double goal of preserving the pastures and collecting kitchen firewood for workers' dining halls and homes.

The report on defense is very encouraging. Colombia was the first municipality of the Eastern Army area to achieve Ready for Defense in the Second Phase status and its 17 defense zones are attaining higher levels of readiness.

In Jobabo, we meet with Norge Rodriguez, first secretary of the PCC. We proceed directly to the pride of the locals: the Loma Alta state farm. This farm has 200 workers mobilized for two years from the municipality—population 50,000—and the provincial capital. The 60 narrow-furrow caballerias of plantain yielded 253,000 quintals in 1993. This year they expect to surpass the 300,000 mark. The production of this, another state farm, and eight farming cooperatives is enough to distribute 40 pounds of vegetables per capita a month to every person in the municipality. The goal is to attain 1 million tubers, vegetables, and grains in 1995 to meet the people's needs and help supply the provincial capital.

Rodriguez, proud of the accomplishments of the municipality, shows us the local wine factory which produced 189,000 bottles in 1993 and plans to produce 300,000 in 1994. He spoke with enthusiasm of the local food production and its highly diverse service facilities.

On the outskirts of Las Tunas City is something new: modest minidairy farms—perfect to supply milk for children and the elderly of nearby communities. There are 45 of these farms on the periphery of the city. Horse-drawn carts distribute the milk early in the morning. Housewives boil the milk as was customary before the widespread implementation of centralized pasteurization. Raul congratulated Misael Enamorado, first secretary of Las Tunas Municipality, for this accomplishment, trusting that shortly the other five communities will have their own minidairy farms.

Windmills are becoming a common feature in the profile of Las Tunas City. The goal is to supply water, without using electricity, to the organic gardens of various sizes appearing in empty lots in the city. Because of the lack of resources to build every windmill needed, locals have made use of old-fashioned wells to draw water and irrigate the gardens by hand. These lots provide fresh vegetables and direct sales to the neighbors at standard prices. The vendor estimates the weight, since they lack scales. This is a practical antibureaucratic measure by the masses and for the masses.

In light of this fact, as well as the minidairy farms and other efforts, Raul states with delight that this is a blow to bureaucracy which is sometimes removed from reality and the interests of the masses; a bureaucracy may be well-intentioned but capable of destroying a revolution, as has unfortunately already happened in other countries. Raul stressed that this is not a fatalist statement because in the case of Cuba we are lucky to have a commander in chief like Fidel, a sworn enemy of bureaucracy and more aware than anyone else of the masses' morale, hopes, and needs, and who trusts more than anyone else the revolutionary spirit of his people. There is no sign of disenchantment in Raul as he recalls some of the mistakes made in agriculture. He affirms with optimism that the only positive aspect of errors is the possibility of learning from them to avoid repeating them.

Raul is accompanied by Central Committee members Julian Lopez, first secretary of the PCC in Las Tunas, and Vilma Espin, president of the Federation of Cuban Women, among others.

Haiti

'Bitter Words' Exchanged Between Roy, U.S. Diplomat

FL0302214294 Port-au-Prince Radio Metropole in French 1145 GMT 3 Feb 94

[Text] The movement of the Chamber of Commerce and Haitian employers is gathering momentum and scale. According to a press release from the crisis committee, the objectives of the 25 January resolution asking business people to close their doors from 28 January to 9 February were reasserted during a meeting between the crisis committee and members of the resigning government. The press release adds that some progress has been achieved. Additional meetings will be held on this topic on Thursday, 3 February, with national and international guests. The crisis committee of the Haitian private

sector states that cooperation with the protest movement is increasing, translating the exasperation of a population facing arbitrary, inopportune sanctions that are being imposed on the nation by certain countries in the international community. Furthermore, this committee invites all the media which do not regularly receive press releases to contact the secretariat of the Chamber of Commerce and Industry of Haiti as soon as possible.

It should be pointed out that the president of the Chamber of Commerce and Industry of Haiti, Raymond Roy, exchanged bitter words with Mr. Schrager of the U.S. Embassy in Port-au-Prince. Chamber of Commerce President Roy, who is also a member of the crisis committee, called Stanley Schrager's comments on the Haitian employers' movement untimely and biased. The diplomat had described the resolution of the Haitian employers, announced on 25 January, involving the temporary suspension of commercial and industrial activities in the country until 9 February as a means of demanding a solution to the crisis and the lifting of the embargo, as dramatic.

The president of the Chamber of Commerce, in a press release issued on 2 February, pointed out that in the interest of protecting the constructive, harmonious relations with the United States while there is still time, the crisis committee of the private sector had asked the diplomats accredited in Haiti to avoid comments that could aggravate tensions.

Dupiton Pleads Innocent to Assassination Involvement

FL0402000294 Port-au-Prince Signal FM Radio in French 1130 GMT 3 Feb 94

[Report by Daly Valet; passages within quote in Creole—recorded]

[Excerpts] In a news conference, Senator Thomas Eddy Dupiton denounced subversive maneuvers by some parliamentarians to involve him in the assassination of Antoine Izmery. He said he is the victim of machinations aimed at preventing him from becoming the possible president of the Senate office. Sen. Dupiton demanded overt evidence of his participation in any plot aimed at physically eliminating Mr. Izmery. Let us listen to the report by Daly Valet.

[Begin recording] [Valet] "On Saturday, 11 September 1993, at 0925, several armed civilians burst into the Sacred Heart Church in Turgeau where a mass was being celebrated to commemorate the fifth anniversary of the Saint-Jean Bosco slaughter that caused the deaths of 13 people in 1988. [passage omitted]

"During this news conference, Sen. Dupiton presented himself as innocent, having had nothing to do with Antoine Izmery's assassination. Sen. Dupiton accused Sen. Rony Mondestin of participating in a plot that he said the United Nations is hatching against him.

"Furthermore, Sen. Dupiton insisted that Sen. Mondestin provide an explanation regarding the assassination attempt on Sen. Raoul Remy, [who was shot three times in Cap-Haitien]. According to Dupiton, Sen. Mondestin had threatened him, so he is the chief plotter. All of these things will come to an end, he said, because Colin Granderson must provide an explanation of the UN report involving me in the assassination of Antoine Izmery. These were Sen. Dupiton's statements."

[Dupiton] I am speaking of Sen. Rony Mondestin, who was identified by Sen. Raoul Remy as the one responsible for the attempt on his life because Remy identified Mondestin's driver and because Sen. Rony Mondestin had threatened the senator here during a session, in the presence of the assembly of senators.

"He had told him: I will get you in Cap-Haitien; I will get you in Cap-Haitien [repeats]; I will settle my disputes with you when I get to Cap-Haitien. Well, you see that Remy fell when he arrived in Cap-Haitien. Of course, Remy accused him personally, and all the documents were brought to me as president of the justice commission. Since then, he decided to give me a hard time. But this matter will come to an end because the United Nations must now explain where this report came from and what special committee participated in the preparation of this report, who was questioned, who saw people in my home." I welcome all of this. I am waiting for Mr. Granderson's answer.

[Valet] "Sen. Ebrane Cadet sat at the conference table with Sen. Thomas Eddy Dupiton. Cadet has already written to Colin Granderson, current UN representative in Haiti, to ask for an explanation of the referenced report and a copy of that report because, according to Cadet, Dupiton's name is cited in it." [passage omitted]

[Cadet] "We just wrote a letter to the United Nations, to Butrus Butrus-Ghali so he can provide us with precise, clear, explicit information not only on this case, but also on the case relating to the assassination attempts on Sen. Pierre Raoul Remy and Sen. Thomas Eddy Dupiton, because I would like to have all this information so justice can be set in motion. It is time for dishonesty to end in Haiti."

[Valet] "So, according to what you just said, if Sen. Dupiton is guilty, you would like the justice department to prosecute him, would you not?"

[Cadet] "If Sen. Dupiton is guilty, the justice department must prosecute him. If we could catch all other senators or all other people involved in crimes in the country, we would be very happy to institute legal proceedings against them." [passage omitted]

MDN Calls for Antiembargo Demonstration 4 Feb

FL0402002794 Port-au-Prince Signal FM Radio in French 1130 GMT 3 Feb 94

[Text] A demonstration is scheduled for 4 February. Mobilization for National Development [MDN] plans to

demonstrate against the embargo and in favor of the employers' movement. Professor DeRonceray, a fierce opponent of Father Aristide, asserts that the embargo has only undermined our economy and worsened the misery of the poor. It is urgent that he go down to the streets to say no to the embargo. The demonstration, which will begin in Colomb Quay, will stop in front of the parliament and the U.S. Embassy. Let us listen to Hubert De Ronceray.

[Begin recording, in Creole] Through this demonstration we will join with the businessmen, will say no to the embargo imposed on the people by the international community, and will say yes to a solution coming from inside the country. MDN invites all its partisans and friends in Port-au-Prince to participate in this demonstration, and all people living in the provinces and the rural sections to organize peaceful marches to force the deputies and senators to be done with the Aristide matter and to implement Article 149 of the Constitution. We will then have a provisional government of concord that will unblock the country, and will hold elections for the installation of a definitive government. [end recording]

Youth Movement Supports Demonstration

FL0402022894 Port-au-Prince Signal FM Radio in French 1130 GMT 3 Feb 94

[Text] The Democratic Movement of Haitian Youth [MODEJHA] favors the 4 February demonstration. In a statement on Signal FM, Gerard Mecklembourg invites the people to go out into the streets to say no the embargo which he calls criminal.

[Begin recording] To patriotically say no to the international threat and to the criminal masquerade of Haiti's four great enemy countries, to the merciless embargo against the Haitian people; to protest this genocide skillfully prepared against the Haitian nation by the international community, MODEJHA totally and unreservedly supports the demonstration scheduled for 4 February against the macabre embargo imposed on an entire defenseless people. [end recording]

Commission Rejects U.S. Human Rights Hearings

PA0302152194 Mexico City XEW Television Network in Spanish 0435 GMT 3 Feb 94

[From the "24 Hours" newscast]

[Text] Mexican deputies and senators have condemned foreign intervention in Mexican affairs. The congressional Permanent Commission has referred to the fact that the U.S. House of Representatives has instituted a series of hearings to evaluate the status of human rights in various places in the world, including the events in Chiapas.

Despite certain coincidences, the six Mexican political parties have failed to reach a consensus, however; consequently, two different points of agreement were produced to establish the position of the Mexican Congress. Senator Gustavo Salinas has read a statement in the name of the PRI [Revolutionary Institutional Party], the PPS [Popular Socialist Party], the Cardenist Front for the National Reconstruction Party, and PARM [Authentic Party of the Mexican Revolution].

[Begin Senator Salinas recording] The congressional Permanent Commission hereby rejects absolutely the idea of hearings being held in the U.S. House of Representatives to debate matters that are exclusively Mexican. Such activities cannot be permitted to lead to intervention in our country. [end recording]

PRD [Party for the Democratic Revolution] Deputy Alejandro Encinas spoke in the name of his party and PAN [National Action Party].

[Begin Encinas recording] We think it is desirable for the Mexican Congress to call for public hearings on violations of human rights, particularly against Mexicans living in the United States. This is a duty we should do as responsible citizens. [end recording]

During the Permanent Commission session, it was agreed that no special sessions will be held in February and that a consensus should be sought among all parties.

Official Denounces Hearings

PA0302144394 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 3 Feb 94

[From the "Good Morning From Mexico" newscast]

[Text] The Foreign Secretariat has denounced hearings at the U.S. Congress requested by Congressman Robert Torricelli, and it has described the move as open intervention and anti-Mexican.

Deputy Foreign Secretary Andres Rozental said Mexicans find this attempt to cast judgment and besmirch our country's reputation to be unacceptable. He added that the move is apparently stems from the resentment of some people who do not like the fact that Mexico maintains normal relations with Cuba or who may be upset by the approval of NAFTA.

It must be made very clear, according to the official, that the implementation of NAFTA grants no one outside of Mexico the right to judge matters that are solely up to the Mexicans to resolve. We have never accepted, nor will we accept, the exercise of trusteeships over our sovereignty, Rozental stated.

Inquries Show 'No Evidence' of Human Rights Abuses

PA0302153194 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 3 Feb 94

[From the "Good Morning From Mexico" newscast]

[Excerpt] Since the start of the Chiapas conflict, complaints have been filed accusing the Army of human rights violations. Although there is no evidence of it, the complaints are being investigated and have resulted in a discussion of the Army's function and responsibility.

[Begin recording] [Deputy Commander Marcos, identified by caption] Until now, war was just for them and peace for you. Now, war will be for the two of us. Before, war killed them and not you. Now, it could kill anyone from either side. [video shows Deputy Commander Marcos from his waist up wearing a ski mask then cuts to recorded interview with 31st Zone Commander Miguel Anel Godinez, identified by caption] [Godinez] The only thing the Army has done is defend itself from attack. We were attacked. We did not attack anybody. We did not leave our garrison to seek out these people. They came to our garrisons to attack us.

Who is the bigger criminal, the soldier who shot a man carrying a wooden rifle, when he saw him at a distance of 100 meters at night and did not realize it was a wooden rifle, or the person who brought that individual with the wooden rifle? [end recording]

Today, alleged human rights violations by the Army in Chiapas State have become a matter to be judged by segments of society. Moreover, the issue has been raised in U. S. Congressional committee meetings. As yet, there is no evidence these rights were violated. The inquiries begun by the National Human Rights Committee and the Attorney General's Office have not yielded results yet, but some insist on discrediting the country, without even asking what is the Army's constitutional duty. [passage omitted]

EZLN Replies to Peace Commissioner's Proposal

PA0402035594 Mexico City Radio ACIR Network in Spanish 0153 GMT 4 Feb 94

[Text] The Indian Revolutionary Clandestine Committee-General Command [CCRI-CG] of the Zapatist National Liberation Army [EZLN] has issued a new communique addressed to Samuel Ruiz Garcia, bishop of San Cristobal de las Casas and national mediation commissioner, and to Manuel Camacho Solis, commissioner for peace and reconciliation in Chiapas. The communique, dated 31 January 1994, has three points.

The first point reads: We received the letter from Peace Commissioner Camacho Solis dated 29 January 1994 regarding the release of Division General Absalon Castellanos Dominguez. We have confirmed that the 38 prisoners mentioned were indeed released. Division General Castellanos Dominguez is in perfect health and knows he will be released soon. Division General Absalon Castellano will definitely be released.

The second point of the communique reads: We received the letter from Peace Commissioner Manuel Camacho Solis dated 29 January 1994 regarding the establishment of buffer or gray zones. We inform you that we fully agree with the entire proposal from the peace commissioner for peace and reconciliation in Chiapas in this respect.

The third point of the EZLN communique reads: In saluting the clear intentions of the commissioner for peace and reconciliation in Chiapas to make advancements to alleviate the grave situation affecting the civilian population in the conflict areas, the CCRI-CG will order the immediate withdrawal of EZLN troops from Los Ejidos, San Miguel, Ococingo Municipality, and Guadalupe Tepeyac, Las Margaritas Municipality. The EZLN troops will withdraw once the International Red Cross occupies these two buffer or gray zones and installs its camps for humanitarian aid.

The communique is signed by Subcommander Marcos and issued in the mountains of southeastern Mexico.

Roundup of Economic Developments Through 2 Feb

PA0302180294

[Editorial Report] The following is a compilation of reports on Mexican economic developments monitored through 2 February; source follows in parentheses after each item.

The National Foreign Trade Bank has offered the main financial markets in the United States, Europe, and Asia bonds totaling $1 billion. The bonds, which are issued for a 10-year period, are instruments regularly used in international markets by institutions such as the World Bank and the governments of certain developed nations. (Mexico City XEW Television Network in Spanish 0435 GMT 25 Jan 94)

Mexico exported nonpetroleum products worth $45 million in 1993, an unprecedented figure in the history of Mexican foreign trade, the Secretariat of Commerce and Industrial Development reported on 29 January. The main Mexican export products in addition to oil are silver, coffee, cotton and steel products, cattle, and vegetables. (Madrid EFE in Spanish 2315 GMT 30 Jan 94)

The Mexican Committee for Oil Exports has announced adjustments in the price of Mexican crude oil effective 1 February to maintain the level of competitiveness in the international market. The price for isthmus-type crude oil on the American Continent will be increased 15 cents per barrel, while the price of Maya-type oil will be reduced 15 cents, and the Olmeca type will remain the same. In the European market, the price for isthmus-type oil will be increased 20 cents per barrel, the Maya type 15 cents. In the Middle East, the price of Maya-type oil will be increased by 40 cents, while the isthmus-type will remain unchanged. (Mexico City NOTIMEX in Spanish 0419 GMT 1 Feb 94)

Arturo Lomeli, president of the Mexican Association of Consumer Defense Studies (Asociacion Mexicana de Estudios para la Defensa del Consumidor) has said the price of 87 staple products increased .9 percent in January, compared with 2 percent in January 1993. (Mexico City Radio ACIR Network in Spanish 0200 GMT 2 Feb 94)

Costa Rica

Niehaus Confident of Winning OAS Secretary General Post

PA2201043194 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 22 Jan 94

[Report by special envoy Jorge Koura in Costa Rica for the "24 Hours" newscast]

[Text] Costa Rican Foreign Minister Bernd Niehaus told the "24 Hours" newscast that his election as OAS secretary general is guaranteed. He added that he is confident that Colombian President Cesar Gaviria will not run for the post.

The Costa Rican foreign minister said he has been virtually elected OAS secretary general because he has the confirmed support of 23 countries: He needs 18 votes to be elected.

[Begin Niehaus recording] If elections are held without pressure—in Costa Rica we call it arm twisting—we will obviously win. [end recording]

Referring to the possible confirmation of Colombian President Cesar Gaviria's candidacy to the post, he clearly suggested that Gaviria give up the possibility of officially announcing his candidacy.

[Begin Niehaus recording] Twenty-two or 23 countries are convinced this is fair. I am sure other countries will join them. Above all, I am sure—and I say it with great respect—that President Gaviria will take these aspects into consideration and abstain from officially announcing his candidacy. [end recording]

Roundup of Economic Developments Through 2 Feb

PA0302160194

[Editorial Report] The following is a compilation of reports on Costa Rican economic developments monitored through 2 February. Source is cited in parentheses following each item.

The Central Bank has reported preliminary figures on the Gross Domestic Product (GDP) up through June 1993. The "financial establishments, insurance, and other services" sector grew more —12.7 percent—than all the other sectors that make up the GDP.

The GDP grew 6.3 percent; from 13.4336 billion colones in 1992 to 14.3068 billion colones in 1993. The agriculture, hunting, and fishing sector grew 2.5 percent; the industry sector grew 7 percent; electricity and water grew 8 percent; the construction sector grew 6.3 percent; trade grew 8.5 percent; transportation and communications grew 10.6 percent; the real estate sector grew 3.1 percent; the general government sector, 2.5 percent; and the other personal services sector grew 6.1 percent.

The Central Bank added that the final yearly figures will be available at the end of 1994. (San Jose LA NACION in Spanish 19 Jan 94, p 28A)

Central Bank President Jorge Corrales issued a communique based on data from the IMF saying Costa Rica attained one of the lowest inflation rates in Latin America and the Caribbean in 1993. The communique points out that Costa Rica had a single-digit, 9.05 percent, inflation rate in 1993. (San Jose LA NACION in Spanish 20 Jan 94, p 8A)

Central Bank Director Alberto Franco Mejia has stated that, in accordance with the preliminary figures for 1993, the physical capital investment totaled 3.5966 billion colones, which is 15 percent more than the amount registered in the previous period and represents the highest amount in the history of the country. (San Jose LA REPUBLICA in Spanish 27 Jan 94, p 12A)

On 2 February, Deputy Economy Minister Gustavo Gutierrez reported the inflation rate for the month of January 1994 was 0.87 percent. He also said the consumer price index accumulated over 1993 was 9.58 percent, 2.42 percent less than the official projections and the lowest of the last 15 years. The official added that the goal for the current year will be 10 percent. (Panama City ACAN in Spanish 2030 GMT 30 Jan 94)

El Salvador

Roundup of Economic Developments Through 2 Feb

PA0302175194

[Editorial Report] The following is a compilation of reports on Salvadoran economic developments monitored through 2 February; source follows in parentheses after each item.

The Salvadoran economy has been growing at a rate of 5 percent for the last two years, which denotes a strong economic growth in all areas, according to Central Reserve Bank (BCR) spokesmen. Economic growth was reported mainly in the areas of construction, services, the manufacturing industry, and commerce. "The country is no longer dependent on foreign aid. The U.S. reduction in aid should not have a major impact on the economy," the BCR spokesmen have said. (San Salvador EL DIARIO DE HOY in Spanish 27 Jan 94 p 29)

The cost of living increased by 1,115 colons in the past four years, showing that the economic growth mentioned by the government has not helped the poor. According to investigations conducted by the Consumer Protection Center (CDC), the poor in El Salvador do not benefit from the country's economic growth. Purchasing power has dropped by 18 percent in rural areas due to the inflation rate in the past few years. There has been a 16-percent drop in urban areas, and there is a concentration of wealth in a few hands, the CDC states. (San Salvador Radio Venceremos Network in Spanish 1800 GMT 27 Jan 94)

Salvadoran exports reached $1.022 billion in 1993, which is $448 million more than in 1989, the BCR announced on 31 January. Guatemala is the leading importer of Salvadoran products, according to the BCR. Forty-two percent of all exports in 1993 went to Central America, 30 percent to the United States, and 7 percent to Germany. (Panama City ACAN in Spanish 2324 GMT 31 Jan 94)

Official sources said on 2 February the Salvadoran Government increased credits for the agriculture sector by $199,000 in the last four years. The BCR said the sector received $149,000 in credits in 1989, but in 1993 it had increased to $348,000. A BCR communique also stated there was an increase in the production of basic grains from 18.4 million quintals in 1989 to more than 21 million quintals in 1993. (Mexico City NOTIMEX in Spanish 2059 GMT 2 Feb 94)

Guatemala

Transportation Strike Enters 3d Day; President Cited

PA0302161894 Panama City ACAN in Spanish 1211 GMT 3 Feb 94

[Excerpts] Guatemala City, 3 Feb (ACAN-EFE)—Guatemalan President Ramiro de Leon faces a new headache with the transportation strike, which entered its third day today, virtually paralyzing the entire country, four days after the constitutional referendum obtained a faint victory.

Interurban transportation owners are firmly maintaining the strike and have decided to defy de Leon Carpio, who has offered them a 10-percent tariff readjustment on costs of fuel transportation.

Some 2.5 million Guatemalans are directly affected today in the Guatemalan capital, where 1,500 buses and 1,100 minibuses that are used in public service are not running.

Rudi Maldonado, Urban Bus Transportation Association president, has announced the suspension of night service, adding buses will not provide service on 3 February due to a lack of fuel.

Most minibuses are not providing service either due to a lack of gasoline, according to bus owner Cesar Arellano.

Most gas stations that operate in the capital have depleted their reserves and have stopped operations, while hundreds of fuel trucks are at a standstill in the Atlantic and Pacific areas in support of the strike.

Miguel Angel Luna, president of the National Transportation Coordinating Board (CNT), has said the chief of state's decision is "unilateral," because they were not consulted at any moment.

According to Luna, the official proposal was rejected by a consensus of the owners of cargo, fuel, cement, and passenger transportation services. He has warned the strike will not be lifted until their demands are met.

The increase in the costs of fuel transportation is one of the seven points on their list of demands, he has said. Luna has said when the government announces their demands have been met they will lift the strike.

In an effort to overcome the transportation strike, the president announced a 10-percent tariff readjustment in the cost of transporting fuel, but the CNT rejected it.

On announcing the readjustment, de Leon said it was the government's final word, and he asked the bus owners to lift the strike immediately or otherwise bear the full weight of the law. [passage omitted]

The strike began on 1 February, two days after the referendum in which 43 constitutional reforms were approved by only 400,000 of 3.4 million individuals eligible to vote, while 2.8 million Guatemalans preferred to stay home. To many people this evidences the lack of popular support for de Leon Carpio.

Violence Reported

PA0302130194 Guatemala City Teleonce Television in Spanish 1900 GMT 1 Feb 94

[From the "Telepress" newscast]

[Text] The strike announced by the National Transportation Coordinating Board [CNT] is starting to lead to violent incidents promoted by angry travelers, particularly those living in and around the capital where people have had to resort to riding in pickups, cargo trucks, and other types of vehicles that are not considered safe for passengers.

At the entrance to Villanueva, groups of people stoned several buses as a way of protesting against the strike called by the owners of intercity buses, which has left hundreds of passengers on the streets. These people were unable to reach their workplaces because of the lack of mass transit buses.

At the time of the attack on the buses, which were severely damaged, several people were injured, including children who were assisted by municipal and volunteer firemen who quickly arrived at the scene. Policemen at the scene arrested three men caught stoning the buses. The detainees were taken to the National Police station in Villanueva and turned over to the courts.

Similar incidents of violence were reported in Boca del Monte, Villa Canales, San Miguel Petapa, and other municipalities that were adversely affected by the transportation strike.

We can also report that a bomb threat took place at La Quinta Shopping Center this morning in Zone 7 of the capital. The offices of the CNT and other associations are located in this shopping center, and it is believed the

false bomb threat was aimed at the bus owners who decided to go on strike starting on 1 February.

Firemen and National Police patrols arrived at the scene where they proceeded to search the place very thoroughly without finding anything. Normal activities at the shopping center were suspended while the authorities conducted the search. As is already known, the CNT, among other requests, is demanding that the government enact an intercity bus service law, approve a law to regulate the operation of shipping companies that operate in the country, approve an increase in cement transportation fares, authorize higher fuel transportation rates, and keep border customs offices open at night.

CNT President Miguel Angel Luna said the strike currently has the support of 80 percent of the CNT's members. He added that some attacks against several members of the transportation sector have already occurred, especially in Villanueva.

Gasoline Supply Begins To Run Out

PA0302184294 Paris AFP in Spanish 1553 GMT 3 Feb 94

[Text] Guatemala City, 3 Feb (AFP)—The supply of gasoline has begun to run out at gas stations in Guatemala, and the situation could become critical within the next 48 hours due to the heavy cargo transportation strike, which is in its third day today, and government or transport owners are unable to reach an agreement.

President Ramiro de Leon Carpio threatened today to turn over the transportation routes to new companies if the strike is not lifted, but the strikers insist on maintaining it until the government agrees to approve a new regulation for the sector that would enable it to increase its profits.

More than 40 percent of gas stations have been left without fuel in the capital and the interior, according to estimates of the National Transportation Coordinating Board (CNT), which organized the strike. This means the country might be at a standstill before the weekend.

Urban transportation, which is not participating in the movement, has, nevertheless, had to reduce services to maintain fuel reserves. Meanwhile, the Chamber of Industries and other business organizations have urged the parties to resume the dialogue. The transporters are asking for an increase in rates and greater profit margins as well as new regulations for their sector.

The government has not officially replied to the demands, though Finance Minister Ana Molina has said "five points have already been accepted." She did not specify the points.

Meanwhile, government workers have begun a staggered strike to demand higher salaries, increasing the pressure on President de Leon Carpio.

Local observers believe the government suffered a political setback on 30 January with the results of a referendum that approved a series of reforms promoted by the government but that registered an 85-percent rate of abstention, which has cast doubt on the legitimacy of the changes.

Transportation Board Ends Strike

PA0302202194 Paris AFP in Spanish 1924 GMT 3 Feb 94

[Text] Guatemala City, 3 Feb (AFP)—The four-day-old strike of cargo transportation vehicles in Guatemala ended today after the government accepted all of the demands of businessmen and pledged in writing to respect them, a transportation association official has reported.

The National Transportation Coordinating Board (CNT) announced it ordered all of its members to suspend the strike "immediately" because President Ramiro de Leon Carpio gave a "favorable" response to all of their demands. The resolution to the conflict came at a time when the supply of fuel at gas stations was beginning to run out and officials feared the nation would become paralyzed within the next 48 hours.

According to a CNT communique, telephone conversations were maintained "until the predawn hours" with President de Leon, who finally accepted the increase in rates and other demands made by transportation workers. The president had threatened to intervene and cancel current concessions with the striking businesses, transferring them to other enterprises. Nevertheless, De Leon ultimately yielded to the pressure of transportation businessmen.

De Leon Announces Strike End

PA0302193394 Mexico City NOTIMEX in Spanish 1758 GMT 3 Feb 94

[Text] Guatemala City, 3 Feb (NOTIMEX)—Today, Guatemalan President Ramiro de Leon Carpio announced that the heavy truck drivers strike, which lasted nearly three days, ended after an agreement was reached with the strike leaders.

De Leon said that last night after midnight the National Transport Coordinating Board [CNT] accepted the new rates proposed by the president for the transportation of fuel and cement. On 2 February, De Leon announced the Council of Ministers adjusted the current fuel transportation rates by 10 percent, and it ordered every carrier to have an insurance policy based on the number of gallons of gasoline or diesel transported.

The president did not rule out the possibility of eliminating control over these rates, but the Energy and Mines Ministry is the institution in charge of setting wholesale prices. The CNT is in session and its leaders are expected to confirm or deny the suspension of the strike sometime day.

The fuel truck drivers' strike caused a fuel shortage at city gas stations. Consequently, intercity and city buses could not circulate and street disturbances occurred.

Hundreds of Guatemalans could not return to their communities, while others were forced to travel in trucks or privately-owned vehicles in uncomfortable and unsafe conditions.

Striker's Accept Conditions

PA0402012394 Guatemala City Teleonce Television in Spanish 1900 GMT 3 Feb 94

[From the "Telepress" newscast]

[Text] The government and the National Transportation Coordinating Board reached an agreement early today, thus fuel supplies are expected to return to normal in the next few hours and suburban transportation to resume.

President Ramiro De Leon Carpio confirmed that the transportation workers accepted the conditions proposed by the government.

[Begin De Leon recording] Yesterday they accepted the government economic policy proposed by the president. The only [words indistinct] is that today we will issue the respective agreements, but they accepted the economic policy. The CNT accepted the proposals and tariffs we presented, so we are satisfied because the problem has been resolved. There will be no strike. At this time today they must inform their members and transportation workers that the problem has been resolved. This is one less problem for the country. We are extremely pleased to see that the government's firm position was accepted, as the government's position must be and will be accepted when we are facing problems that require state decisions. [end recording]

Government Professionals Begin Progressive Strike

PA0302233894 Guatemala City PRENSA LIBRE in Spanish 2 Feb 94 p 8

[Text] More than 8,600 professional state employees began a progressive strike on 1 February to pressure the government and protest its noncompliance with the agreements signed in July 1992, Lionel Ardon Rodriguez, president of the University Professionals Coordinating Board [Coordinadora de Profesionales Universitarios Coligados], announced on 1 February.

The decision was announced following the failure of more than six months of talks with Finance and Labor Ministry officials. Ardon said the government contended that it could not comply with the agreement due to a lack of budget funds.

Ardon added that the government failed to comply with five points of the agreement: the problem of underemployment of professionals, wage scales, establishment of a promotion list based on seniority, promotions by academic level or degree and/or positions occupied, and discussion and approval of a salary increase for 1993.

De Leon Reacts to U.S. Human Rights Report

PA0402042594 Guatemala City Teleonce Television in Spanish 0400 GMT 3 Feb 94

[Text] President Ramiro De Leon Carpio and other high-ranking government officials reacted to the U.S. State Department's report on Guatemala this Wednesday. The president responded to a reporter's question about the report and the activities of the Civilian Self-Defense Patrols.

[Begin De Leon recording] The State Department report says many things [words indistinct]. You have referred to one of them; that is, possible human rights violations by the Army, Civilian Self-Defense Patrols, and security forces personnel in general. The report only mentions the issue but does not include any specific information or evidence. The State Department has done the same with Peru and other countries. We are reviewing [words indistinct] and I am studying it. The report includes several recommendations that are acceptable and, admittedly, several of the things mentioned are realistic. However, responsibility for human rights violations falls on the state itself—be it this state or any other—thus the report says nothing new.

Regarding the Civilian Self-Defense Patrols, the government is willing—especially this year, when we expect to sign a peace agreement—to eliminate them gradually. They have already started to be turned into [word indistinct] legal peace and development committees. However, the most important issue is that [words indistinct] patrol members who commit crimes, just as any Guatemalan citizen, will be tried and punished if found guilty.

The State Department and the international community already know this. We sent a letter sent to President Clinton specifically expressing our willingness to improve the situation and outlining the positive steps taken by the government. This is alluded to in the report. As I recall, it mentions somewhere that there is hope and that with the arrival of President Ramiro De Leon Carpio, there has been a reversal in the attitude of the Guatemalan Government. Thus, the report is not entirely negative. We believe in some cases [words indistinct] is correct but in others, it is a bit speculative. The report does not present sufficient arguments or evidence to back its assertions.

Just like any other State Department report, we will have to study and review it. We will look at its ramifications and the annotations and suggestions it makes to several ministries regarding labor, economic, and social issues, on special [words indistinct], assembly plants, and so forth. I would say it is more or less a repetition of the reports that the State Department has issued every year for the past three or four years. [end recording]

Congress President on Results of 30 Jan Referendum

PA0302142094 Guatemala City Cadena de Emisoras Unidas in Spanish 1730 GMT 1 Feb 94

[Report by Lucia Dubon; from the "News Patrol" newscast—recorded]

[Text] [Dubon] Congress President Marco Villar Anleu has disclosed his position and Congress' regarding the results of the referendum.

[Villar Anleu] We want to tell Guatemalans and the media that Congress views with satisfaction the results obtained in the 30 January referendum. We also want to express our concern over the high rate of abstention registered at the polls. Although we had anticipated some abstention, the rate was higher than what we had expected. This high rate of abstention was due to many reasons, such as the trend adopted by Guatemalans to refrain from participating, and a lack of civic spirit during past electoral events.

We are concerned greatly by an abstention rate of approximately 84 percent, and I believe the political sector must play a significant role in this regard. Had the political institutions participated effectively and actively, the percentage might have been different; in this sense, the referendum was a process in which Guatemalans participated conscientiously, without any influence from political parties.

[Dubon] Villar Anleu has said Congress will respect the Guatemalans' decision to ratify the reforms, but he spotlighted the fact these reforms had been ratified by only 10 percent of all eligible voters; this, he said, could deprive the results of their legitimacy.

He has urged all sectors to sit at the negotiation table to dialogue and reach an agreement of practicality so that the coming congressional elections are conducted within a legal framework.

Inter-American Bank Grants Credit

PA0302144894

[Editorial Report] Guatemala City PRENSA LIBRE in Spanish on 27 January 94, page 105 reports that official sources disclosed that on 26 January the Inter-American Development Bank (IDB) granted $132 million in credit to the Guatemalan Government to improve solvency of the financial system and increase access to credit. Edmond Mulet, Guatemalan ambassador to the United States, and IDB President Enrique Iglesias signed the agreement.

Honduras

* PL Holds Overwhelming Congressional Majority

94CA0060E San Pedro Sula TIEMPO in Spanish 30 Nov 93 p 7

[Text] Tegucigalpa—The Liberal Party (PL) will be entitled to 71 deputy seats, the National Party (PN) 55 seats, and the Innovation and Unity Party (PINU) two seats, according to the calculations of Radio America, whose modern methods have proven to be the most efficient.

The parties' relative positions in Congress were reversed, since the National Party has 71 seats in the current session, the Liberals 55, and the PINU two, while the Christian Democrats still have no seats at all.

* First Quarter, First Half Exports Increase

94CA0060C San Pedro Sula TIEMPO (MARTES FINANCIERO Supplement) in Spanish 2 Nov 93 p 12

[Text] During the first six months of 1993, Honduran exports surged significantly. They generated more than $200 million in foreign exchange, compared to just $154,925,109.93 the previous year.

According to regional figures provided by the Export Processing Center (Centrex), exports to Central America between January and June 1992 generated $7,387,428.27, compared to $14,948,036.61 up to June of this year.

The European market was a favorable option for national goods; in the first half of 1992, earnings amounted to $59,637,682.46, while those for the period ending in June of this year amounted to $81,106,198.83, according to Juan Felix Garcia, regional director of the Economy Ministry.

He indicated that exports to the United States also showed positive growth, climbing from $67,210,171.85 in 1992 to $84,599,795.65 during the first six months of this year.

According to information provided by the official, exports to other countries totaled $20,689,827.35 during the first half of 1992.

During the same period of this year, however, they fell to $20,048,153.20. This decline was due to changes in the import market, he indicated.

Garcia stated that the overall trend in exports is upward, with greater emphasis on nontraditional goods, including farm products.

He also pointed out that expectations are growing for nontraditional goods because the market is expanding, which leads to the conclusion that the development of large, medium, and small industries is a certainty.

In addition to traditional products such as bananas, coffee, and sugar, other exports include ornamental

plants, parts of wicker furniture, cigars, cacao, wood products, melons, and plastic products.

* CPI Reflects Increase in Inflation Rate

94CA0060D Tegucigalpa LA TRIBUNA (PRODUCCION, COMERCIO Y FINANZAS SUPP) in Spanish 16 Dec 93 p 16

[Text] The Consumer Price Index (CPI) for November 1993 rose by 1 percent, more than the 0.7 percent recorded for the previous month.

The categories that make up the CPI basket are shown in the following table, [table not reproduced] where it is clear that the greatest increases occurred in health care (2.5 percent), clothing (2.2 percent), education, reading, and entertainment (1.7 percent), personal care (1.3 percent), and transportation (1.1 percent).

Given the different weights attributed to each category, however, it can be seen in the contribution column that the categories of food, clothing, housing and home upkeep, health care, and education, reading, and entertainment were the ones that exerted the greatest influence on the growth of the CPI this month, with figures of 0.4, 0.2, 0.1, and 0.1, respectively [as published]. They account for 90 percent of the total variation.

The sum of the contributions by category is not necessarily equal to the total, because they are approximations.

The goods and services that had the greatest impact on the variation in the CPI are listed below: [list not reproduced]

The products and services named in the above chart represent a net contribution of 0.5, and together they account for 50 percent of the total variation in the CPI.

Marginal inflation (November 1992-November 1993) amounted to 13.4 percent, higher than the 5.8 percent reported for the same period of the previous year.

The average index for January-November of this year rose by 10.5 percent, higher than the figure for the same period of last year, 9 percent.

Cumulative inflation for December 1992 through November 1993 was 12.3 percent, a greater percentage than that recorded for the previous period, 5.5 percent.

The average variation in the last 12 months (December 1992-November 1993) was 10.2 percent, compared to 9.9 percent during the previous period.

* Treasury Reports Increased Revenues

94CA0060B San Pedro Sula LA PRENSA (ECONOMICAS Supplement) in Spanish 17 Nov 93 p 11-A

[Text] Tegucigalpa—The central government collected more than 2.8 billion lempiras in taxes as of the end of October, a considerable increase over current revenues for the previous year, reported Vice Minister of Finance for Revenues William Chong Wong yesterday.

Income tax revenues totaled 786 million lempiras; the property tax accounted for 26 million lempiras; 1.002 billion lempiras was collected for the tax on production, consumption, and sales; import duties amounted to 877 million lempiras; and service fees accounted for 109 million lempiras.

The official stated that although the figures are not comparable to those of the previous year because the entire general budget would have to be analyzed for that, they do amount to 333.2 million lempiras more as of the end of October.

Chong Wong noted that "we are meeting the collection targets" set for this fiscal year, even though the share revaluation tax has not yet been paid; it is expected to yield another 100 million lempiras.

He complained that Hondurans are paying scant attention to this new tax, leaving everything to the last minute. The deadline for submitting applications is 30 November, and payments are due no later than 15 December, with no extensions.

So far, however, only 25 million lempiras has been collected on this tax.

* Budget for 1994 Tops 6.1 Billion Lempiras

94CA0060A Tegucigalpa EL HERALDO in Spanish 16 Dec 93 p 6

[Text] The General Budget of Revenues and Expenditures of the Republic for fiscal year 1994 will total 6,183,096,752 lempiras, according to the report on the matter that was the subject of an initial debate in the National Congress yesterday.

Of that total, 67,094,494 lempiras is budgeted for the legislative branch, 65,551,100 for the judicial branch, and 6,024,951,158 for the executive branch.

In addition, the Electoral Body (National Tribunal of Elections) will receive 25.5 million lempiras, while the Presidency of the Republic will be allocated 23,961,805 lempiras.

The executive branch budget can be broken down as follows:

Agency	Lempiras
Ministry of the Interior	205,839,500
Foreign Relations	54,375,600
Defense and Public Security	292.7million
Economy and Commerce	31,467,736
Finance and Public Credit	73,315,339
Office of the Attorney General of the Republic	3,081,740

Public Education	987,999,857
Public Health	645,004,302
Culture	14,637,019
Labor and Social Welfare	51,998,189
Communications, Public Works, and Transportation	648,826,158
Natural Resources	203,511,260
Planning and Budget	17,481,499
Public Debt	2,115,317,279
Executive Branch Centralized Public Spending Services	653,062,690
Secretariat of the Environment	2,371,185

The National Congress is supposed to approve the national budget today, since the closing ceremonies for the fourth session of the current constitutional term are scheduled to be held tomorrow, Friday, at 1000

Nicaragua

Government 'Unaware' of U.S. Human Rights Report

PA0302224694 Managua BARRICADA in Spanish 3 Feb 94 p 10

[Article by Maria Alicia Talavera and Jorge Katin]

[Text] The Nicaraguan Government said yesterday that it is unaware of a 1993 U.S. State Department report on human rights that includes Nicaragua. The report claims—among other things—that this country "is still failing to persecute and punish those responsible for human rights violations."

Presidency Minister Antonio Lacayo emphasized comments made last week by Alexander Watson, assistant secretary of state for inter-American Affairs, at a private meeting. Watson said it was "fascinating" that Nicaraguans had been on their way to solving their own problems in the past few months."

"I am unaware of such criticism," Lacayo said regarding press reports on the U.S. State Department report, which states that "the Nicaraguan judicial system is jammed and often follows the guidelines of political parties." The report added that this system has helped maintain impunity, statements that are not in keeping with Watson's praise of the new membership of the Supreme Court of Justice [CSJ].

Lacayo had lunch yesterday with all members of the CSJ, which held a plenary meeting to incorporate new lawyers. For that reason, none of the magistrates was available for comment to BARRICADA on the U.S. State Department report.

Claudia Paniagua, spokeswoman for the Nicaraguan Foreign Ministry, said that one must take into account that the report is for 1993. Paniagua focused on the statements made by the U.S. assistant secretary of state, who praised the fact that nearly all deputies have rejoined the National Assembly.

America's Watch, Too

U.S. Ambassador John Maisto described the report as "concrete, objective, and balanced." He added that it deals with human rights in more than 150 countries.

"It is an annual report. I suggest you read it carefully. It is objective," the diplomat added, after meeting yesterday with Assembly President Luis H. Guzman.

A report by the Americas Watch human rights group also states that the human rights situation in Nicaragua in 1993 continued to be characterized by a highly polarized political environment and a weak central government. That report makes a similar comment about the Nicaraguan judicial system.

The Americas Watch report criticizes the "disproportionate and excessive" use of force on various occasions, especially against armed groups, labor strikes, and peaceful protests.

Incidentally, Mrs. Cinthia Arnson of Americas Watch is currently visiting Managua. In the past two days she has met with government officials, military judge advocates, the government minister, and leaders of the main human rights groups.

Presidency Minister: Government Won't Tolerate Chaos

PA0302153994 Managua LA PRENSA in Spanish 29 Jan 94, p 2

[Report by Denis Garcia Salinas]

[Text] Granada—The government stated clearly on 28 January it will not tolerate chaos being intensified in Managua by a group of transporters who, that same day, called for acts of civil disobedience and declined to attend the meeting that ended on the morning of 29 January with an agreement that reduces and freezes the price of fuel and diesel.

After a tour through Granada, which included visits and meetings at private enterprises and the inauguration of a municipal office of the Social Action Ministry, Presidency Minister Antonio Lacayo said the government will not allow small groups to turn the country into a state of outrageous chaos.

"Civil disobedience means chaos, and in chaos very few people win anything. I do not believe we can solve Nicaragua's problems that way," the high-ranking official stated.

"I hope that is nothing more than a pressure tactic from them (Sandinist Labor Union) to make the negotiations advance," he said, adding the government "has been negotiating since last week."

Five transportation commissions—minus the pro-Sandinist CNT [National Transportation Commission]—reached an agreement this morning with the government for the reduction and freezing of the price of gasoline and diesel until 31 May and 30 April respectively.

Lacayo insisted dialogue must continue to be the "weapon" Nicaraguans have in "this new stage." "He who resorts to another method has been left behind in the past, and the Nicaraguan people will withdraw their support for him."

Regarding a question about the negotiations between the government and the International Monetary Fund, Lacayo reported that last year the IMF, known for its harsh adjustment policies, had recommended an "exaggerated" amount of saving that the people could not bear.

He explained, however, that the intention is to have the state, not the people, control its spending so that the government will spend less, operating from the taxes it collects, he said.

The intention is for the government to have a surplus so that part of the investments may come from revenues from the people, because "we suspect foreign aid will decrease gradually, and we Nicaraguans must be sure that we will be able to stand on our own feet through our own effort," he added. "Therefore, we have to start, as they say, becoming disciplined in order to live off our own effort, and that is what it is all about," he said.

The IMF has told the government it has to save more this year in order to allot more funds to production so that it will take off faster.

In principle, the government agrees with the idea of saving but disagrees with the extremely high amounts the IMF is trying to impose, he said.

Nevertheless, the government and IMF have been negotiating since April and September and have agreed on a "more moderate amount," Lacayo said, adding that "even this way, it is costing us very much."

"We believe, however, we already have different plans, including the privatization of part of Telcor [Nicaraguan Telecommunications and Postal Services Institute], which will help us achieve this goal this year."

Roundup of Economic Developments Through 2 Feb

PA0302173694

[Editorial Report] The following is a compilation of reports on Nicaraguan economic developments monitored through 2 February; source follows in parentheses after each item.

President Violeta Chamorro inaugurated a stock exchange on 1 February for the first time in Nicaraguan history. This stock exchange will strengthen the national financial system, and, according to President Chamorro, its creation places Nicaragua on par with other Central American nations. (Managua Sistema Nacional de Television Network in Spanish 0100 GMT 1 Feb 94)

The government estimated today the five-day-old transportation strike caused losses of approximately 60 million cordobas, or, more than $9 million. An economist has said from that amount, which represents for Nicaragua the revenues earned from the total production of coffee, the government has lost over 3 million cordobas, the equivalent of $500,000, in taxes. (Managua LA PRENSA in Spanish 29 Jan 94 p 12)

* Development Bank Reports 1994 Credit Policy

94P20320D

[Editorial Report] Managua LA PRENSA in Spanish of 9 January 1994 on page 12 reports that the National Development Bank (Banades) will make available 1.296 billion cordobas in loans to small and medium producers for the 1994-95 crop year. According to the article, the bank will attempt to eliminate the credit policy which concentrates the bulk of the available resources in the hands of just a few growers. The bank estimates that the new policy will reach an additional 9,700 customers for a total of 42,700; interest rates will range between 16 and 18 percent. Silvio Baltodano, assistant credit manager at Banades, says that the bank will target nontraditional products, and that loans will be made to those in a position to pay off their loans. According to the article, for short-term financing Banades will devote 454.3 million cordobas for agriculture, 248.5 million for cattle, and 189 million for trade and industry. Long-term financing will total 403.9 million cordobas.

* Confiscation Bonds To Be Revalued

94P20320C

[Editorial Report] Managua LA PRENSA in Spanish of 13 January 1994 on page 12 reports that, according to Finance Minister Emilio Pereira, in 1994 the government will back compensation bonds issued to owners of confiscated property for up to 954 million cordobas. Bonds were issued last year for 720 million cordobas. Pereira urged bondholders not to sell their bonds at low prices. He explained that bonds can be used to pay taxes on capital goods and to pay utilities. Government assets to be sold to back the bonds include farm equipment, land, and businesses. Pereira said that thus far 328 people have received compensation bonds for confiscated property. The article reports that bonds awarded last year were used to purchase tractors, land, and construction equipment for a total of 143,605,000 cordobas. As soon as the bonds were first issued, owners began to sell them through newspaper advertisements, according to the article.

* Creation of Deputy Minister Posts Explained

94P20320A

[Editorial Report] Managua LA PRENSA in Spanish of 11 January 1994 on page 12 reports that the new deputy minister posts in the Presidency Ministry were created in order to "delegate responsibilities and lighten the workload," according to Tomas Delaney, deputy minister for State Affairs. Delaney explains that his position was designed to coordinate the activities of the Executive branch with the Legislative, Judicial, and Electoral branches. Dayton Caldera, deputy minister for Government Affairs and director of the National Corporation of the Public Sector, denies that the new portfolios will add to the bureaucracy. Rather, according to the article, his duties include "coordinating the work of the Presidency and the Cabinet." The new deputy minister for Civilian Affairs, Boanerges "Pepe" Matus, is responsible for "civilian and private organizations, trade unions, and agencies in the country's interior."

* Luis Carrion Proposes Changes in FSLN

94P20320B

[Editorial Report] Managua BARRICADA in Spanish of 21 January 1994 on pages 1 and 5 reports that the National Directorate (DN) of the Sandinist National Liberation Front (FSLN) should be replaced with a "more representative organization," according to DN member Luis Carrion. Carrion, who is also coordinator of the FSLN Statutes Committee, explains that the FSLN must promote its program "under current conditions, which are not those of the 70's or the 80's...but those of a developing democracy." He explains that the DN should disappear because it belongs to a "moment in history" when "not one of us was elected, history put us there." The committee proposes to replace the DN with a "National Directive or Council" with approximately 25 members, including women, to be elected by the Sandinist Assembly. The council, in turn, will elect an executive committee whose term will run one year and which will be subordinate to the assembly. The article explains that the new council will be elected at the extraordinary congress, and the council will then elect the committee. Carrion says that Sandinists should no longer be categorized as "members" or "militants," but rather "everyone should be equal and have the same duties and rights." With regard to an FSLN presidential candidate, Carrion suggests that a candidate be chosen by the direct vote of all the Sandinists in the country.

Panama

Roundup of Economic Developments

PA0402152794

[Editorial Report] The following is a compilation of reports on Panamanian economic developments monitored through 2 February.

Planning Minister Delia de Cardenas reported today the Panamanian Government had taken the first step to restructure its foreign debt with private banks by issuing bonds for more than $450 million in European Currency Units, Yens, and Eurobonds. (Panama City ACAN in Spanish 0202 GMT 1 Feb 94)

An Economic Commission for Latin America (ECLA) report has stated that Panama attained its economic recovery goal for 1992 after the crisis of 1988 to 1989 by registering an 8-percent growth. According to the latest statistics available at the Comptroller General's Office, the Panamanian economy registered a 5.9-percent growth in its gross domestic product, and unemployment decreased from 14.2 percent to 12.5 percent in 1992. (Panama City EL PANAMA AMERICA in Spanish 31 Jan 94 p 17a)

According to a document issued by the National Baking Commission, the international banking center that operates in Panama increased its assets by 11 percent in the last quarter of 1993 as compared to the same period in 1992. (Panama City LA PRENSA in Spanish 26 Jan 94 p 11a)

Panama's fuel debt with Mexico and Venezuela is more than $250 million, while interests accumulate at a rate of $800,000 per month, Roberto Alfaro, commerce and trade minister, reported yesterday. Panama has presented two proposals to negotiate the fuel debt and is waiting for the response from both governments. (Panama City ACAN in Spanish 0001 GMT 26 Jan 94)

Eduardo Stein, president of the Foundation for the Economic and Social Development of Central America, has told members of the Panamanian Association of Business Executives regarding NAFTA that because 70 percent of Panama's gross domestic product is represented by the service sector, it, therefore, has a significant negotiating advantage over the rest of the Central American nations. (Panama City EL PANAMA AMERICA in Spanish 29 Jan 94 p 11a)

Roundup of Electoral Developments

PA0302183394

[Editorial Report] The following is a compilation of reports on developments related to the Panamanian elections, which are scheduled for 8 May 1994, monitored through 3 February.

Pedro Vallarino Cox, president of the National Renewal Movement (Morena), has invited Ruben Blades, presidential candidate for the Papa Egoro Movement, to support the presidential candidacy of Ruben Dario Carles. When asked if Morena has been set aside now that the Nationalist Liberal Republican Movement (Molirena) has decided to name Carles as its presidential candidate, Vallarino Cox replied: "Carles is the Morena candidate, and I welcome the decision by other parties to

support Carles." Presidential candidate Carles has visited David, Chiriqui Province, in the company of Molirena and Morena sympathizers. Carles told his supporters: "I am offering a government that will resolve problems with actions." (Panama City Circuito RPC Television in Spanish 2300 GMT 24 Jan 94)

Tomas Cabal writes in his "Hidden Truths" column that the candidacy of Ruben Dario Carles has gained strength now that Molirena has decided to support him. He adds: "Many in the Arnulfist Party and Authentic Liberal Party are also endorsing Carles, even though those two parties are supporting Mireya de Gruber's presidential candidacy." (Panama City EL PANAMA AMERICA in Spanish 30 Jan 94 p6a)

Cesar Aparicio, secretary general of the National Integration Movement (Mina), announced during a news conference on 28 January that the party's rank and file members are "going to support the presidential bid of Jose Salvador Munoz of the Doctrinaire Panamenist Party (PPD)." Earlier, Mina President Arrigo Guardia had thrown his support behind Molirena candidate Carles. Aparicio added the PPD will allow certain prominent Mina figures to run for office under the PPD banner. (Panama City LA PRENSA in Spanish 29 Jan 94 p4)

Talking to San Miguelito residents, presidential candidate Ruben Dario Carles has promised to upgrade social services, such as education, health, transportation, and security. He has said: "The Metropolitan Sanitation Directorate has sufficient workers and equipment to collect garbage, but it is not doing its job." (Panama City Circuito RPC Television in Spanish 2300 GMT 31 Jan 94)

During a news conference, Carles has vowed he will strive "to stamp out corruption, influence peddling, nepotism, and cronyism." He has said the democratic regime that began on 20 December 1989 "has been timid about ending corruption," adding he will take a hardline position against it with popular support. (Panama City LA PRENSA in Spanish 2 Feb 94 p2)

Argentina

Falkland Islanders Question Purchase of U.S. Skyhawks

PY0302152694 Buenos Aires LA PRENSA in Spanish 2 Feb 94 Section 1 p 6

[Text] LA PRENSA contacted Malvinas Islands residents yesterday to sound islanders out about the climate in Puerto Argentino [Stanley Port] after learning the news about the deal finalized by Argentina [with the United States] on the purchase of [Skyhawk aircraft fitted with] state-of-the-art radar. A Kelper told LA PRENSA that "we do not understand the rationale behind Argentina's decision to buy the Skyhawk planes—unless it is seeking to attack the islands."

Another islander, who is very close to the islands' government, added that "we do not trust Argentina, and even though it is terrible for us, we are not afraid because here we have the Royal Air Force to defend us."

The Malvinas Islands' representative in London, Suky Cameron, reported that the islands' government—through the United Kingdom—had lodged a strong protest before the Clinton administration about the sale of the U.S. Skyhawk aircraft.

Argentine Deputy Foreign Minister Fernando Petrella told LA PRENSA that "Cameron's remarks have caused a great disappointment in the Argentine Foreign Ministry, because it seems that she has not taken note of the fact that Argentina will continue to press its claim to sovereignty over the Malvinas by diplomatic and peaceful means, as it has every right to do."

"It Reached Clinton's Ears"

For his part, Defense Minister Oscar Camilion has disclosed that the dispute arising from Great Britain's opposition to that business transaction "even came to President Bill Clinton's" knowledge.

As the defense minister pointed out: "It is my considered opinion that the stance taken by the British is totally groundless and anachronistic. If this were not so, we would not have this favorable outcome now."

Camilion further stated that it was not possible that while Argentina was aligned with the UN Security Council, two of its leading members—the United Kingdom and the United States—"should be enforcing an arms embargo against Argentina."

He also said that "this is why this means that the arms embargo on Argentina has been raised by all the countries in the world except for Britain, until it decides to the contrary."

He likewise denied that Argentina was interested in buying F-16 fighter planes, noting that "our budget possibilities would never allow it; it would be impossible to find someone willing to sell them, and it would logically cause a regional imbalance."

In its 1 February edition, the FINANCIAL TIMES reports that the sale of the U.S. planes to Argentina represents "a severe blow" for the UK Government led by Prime Minister [John] Major and its relations with the United States.

Foreign Minister: U.S. Human Rights Report 'Unjustified'

PY0402021094 Buenos Aires CLARIN in Spanish 3 Feb 94 p 9

[Excerpts] Interior Minister Carlos Ruckauf on 2 February admitted that "we have not solved all the subjects inherited from the authoritarian Argentina," as he commented on the critical human rights report prepared by the Clinton administration for the U.S. Congress.

Ruckauf said that "the report's contents are not worse than other countries and above average for Latin America" since the document "describes the progress attained from pre-existing situations."

Ruckauf's cautious tone contrasted that of Foreign Minister Guido Di Tella, who told CLARIN that the report "is totally unjustified." The different tones used by Ruckauf and Di Tella on the same subject are due to their different cabinet functions.

While Di Tella is concerned over the possible influence the report might have in our relations with the United States, Ruckauf is the official who has had to look after the cases described in the document, like the attacks against journalists Marcelo Bonelli and Hernan Lopez Echague. Besides, he deals directly with the police in Buenos Aires, Santa Fe, and Cordoba Provinces, which are directly questioned by the Clinton administration.

Thus Ruckauf maintained that there is a tendency "since the years of the dictatorships for the security organizations to overlook the legal norms," but he added: "This has diminished since the return of democracy and there increasingly is more freedom and democracy year by year." [passage omitted]

Although the U.S. report emphasizes the government's respect for human rights, Minister Ruckauf preferred to speak about Argentine society. He said: "In any society there are problems with the institutions' functioning, especially in a society like ours that has 10 years of democratic life and where there still are many authoritarian components."

Ruckauf said: "I am 49 and I cannot remember living in times of freedom like the present. I do not think there is any kind of action that has worsened any of the situations linked to security in the country."

Meanwhile, in Tunis, an hour after meeting with PLO leader Yasir 'Arafat, Di Tella said via telephone that "this does not affect in the least" relations between

Argentina and the United States, nor Argentina's image with the First World, which seems to be an obsession for the Argentine Government.

What is your opinion of the U.S. document, CLARIN asked Di Tella.

"It is totally unjustified. For example, freedom of the press is totally respected; it is incredibly respected, I would say. Just read the newspapers every day and see the criticisms we must bear."

Don't you think the report mentions some known subjects like the government's alleged influence in the Judicial Branch, CLARIN asked.

"I think the institutions are working more than well. Of course nothing is perfect and everything can be improved," Di Tella said.

Di Tella added that these kinds of reports are "routine declarations by the U.S. Executive Branch every year. This is not the general U.S. opinion, according to the high-level meetings I have held. For example, last week I met with U.S. Secretary of State Warren Christopher and he did not tell me anything about this."

For Di Tella, "those who prepare this kind of report are second-rank officials who base themselves on extreme situations and adopt absolute positions."

Di Tella Discusses Meeting with 'Arafat

PY0402000294 Buenos Aires CLARIN in Spanish 3 Feb 94 p 26

["Telephone interview" with Foreign Minister Guido Di Tella in Tunis by "J.C." in Buenos Aires; date not given]

[Text] Argentine Foreign Minister Guido Di Tella met on 2 February in Tunis with top PLO leader Yasir 'Arafat. During their meeting they analyzed the evolution of the peace negotiations between the PLO and Israel and Argentine support for this process of understanding.

During a telephone conversation with CLARIN, Foreign Minister Di Tella gave details of his meeting with 'Arafat:

[J.C.] What was the purpose of your meeting with the Palestinian leader?

[Di Tella] We want to adapt our position to the constant changes in the world, and this process in the Middle East is an example of these changes. Argentina acknowledges the peace efforts of both the PLO and Israel, and now we have met with a man who is currently handling the weapons of peace. 'Arafat took our message of support for the peace process very positively. This is our small contribution to a process that is so important for the whole world.

[J.C.] Has 'Arafat been invited to visit Argentina?

[Di Tella] Yes; President Menem invited 'Arafat to come to our country as a gesture of support for the peace process, and 'Arafat was pleased to accept the invitation. In the same way, 'Arafat invited Menem to visit Jericho in the future when the Palestinian chief installs himself there.

[J.C.] Will Argentina support the Palestinian process of autonomy diplomatically and materially?

[Di Tella] One of the things we offered them is the construction of a school, a subject we are discussing with the Israeli and Arab communities in our country, which might make economic contributions.

[J.C.] What are the possibilities for the PLO to maintain diplomatic representation in Buenos Aires?

[Di Tella] There already is a Palestinian delegation in our country, and in order to make progress on this subject we must observe the functioning of all these peace agreements and hold talks with the Palestinians. It is still premature to speak about this.

[J.C.] Why was the meeting with 'Arafat kept secret?

[Di Tella] Because of 'Arafat's constant movements and the alternatives in the PLO-Israeli negotiations. The meeting could not be confirmed until the last moment. Those were the reasons why we did not want to release information about these talks.

[J.C.] Has there been any Israeli influence to prevent this meeting with 'Arafat from being made public?

[Di Tella] Not in the least. The Israelis knew about this meeting and did not object to it at all.

Roundup of Economic Reports Through 3 Feb

PY0302202694

[Editorial Report] The following is a compilation of reports on economic activities in Argentina monitored through 3 February.

A study by the Foundation for Latin America Economic Research shows that Argentina's industrial production has increased more than 40 percent since Argentine currency was pegged to the U.S. dollar at one-to-one parity in March 1991. Industrial production surged in 1991 and 1992 and leveled off in 1993, when it expanded only 3.5 percent. Industry's good performance is due mainly to the growth in manufacturing, which accounts for 27 percent of the GDP, especially car manufacturing, which grew 460 percent in that period. (Buenos Aires NOTICIAS ARGENTINAS in Spanish 1106 GMT 25 Jan 94)

Argentine and Brazilian officials on 27 January signed an agreement establishing a maximum of 340,000 metric tons of Argentine wheat exports to Brazil. The agreement will take effect in April and expires 31 December, the government reported. The Agriculture Secretariat said Argentina still can export 215,000 metric tons of wheat to Brazil left

over from the 1993 agreement. This will bring total 1994 exports to 550,000 metric tons. (Buenos Aires BUENOS AIRES HERALD in English 28 Jan 94 p 6)

Economic Programming Secretary Juan Llach on 31 January reported that the consumer price index increased 0.3 percent and the GDP 7.6 percent in January. He noted that investment rose 22.5 percent, and 85 percent in the past three years. A Programming Secretariat report shows that gold and foreign currencies reserves went from $4.855 billion in 1990 to $15.1 billion in December 1993, an increase of 211 percent. Imports of capital goods and spares totalled $15.05 billion in the past three years. It notes that 673,000 new jobs were created from October 1990 to October 1993. (Buenos Aires NOTICIAS ARGENTINAS in Spanish 2307 GMT 31 Jan 94)

The consumer price index increased 0.3 percent in January, while wholesale prices fell 0.1 percent, Economic Planning Secretary Juan Llach said on 31 January. This brings inflation in the last 12 months to 6.8 percent for consumer prices, while the wholesale index has fallen 0.8 percent. (NA) (Buenos Aires BUENOS AIRES HERALD in English 1 Feb 94 p 3)

With an 11,000 metric ton increase in the Hilton quota, Argentina will be able to export 32,000 metric tons of duty-free beef to the EEC this year. This translates into an additional $100 million in foreign sales, Agriculture Production Under Secretary Felix Cirio said on 31 January. He added that total beef exports in 1993 were 280,000 metric tons, a bit less than 1992's 290,000 metric tons. (NA) (Buenos Aires BUENOS AIRES HERALD in English 1 Feb 94 p 3)

January's tax revenue was 4.2 billion pesos, 4 percent higher than the government target. Revenue was 14 percent higher compared with December 1993, the Public Revenue Secretariat said on 1 February. The revenue sources were:

- Customs.....0.2 billion
- Social Security.....1.6 billion
- General Directorate of Taxation.....2.4 billion

Revenue from the value-added tax accounted for about one-third of total revenue. Expenditures were divided as follows:

- Treasury.....0.9 billion
- Provinces.....1.0 billion
- Social welfare.....1.5 billion
- Federal sharing.....0.3 billion
- Other.....0.5 billion

(Buenos Aires BUENOS AIRES HERALD in English 2 Feb 94 p 4)

Brazil

Government Repudiates U.S. Human Rights Report

PY0202222394 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 2 Feb 94

[Text] The Brazilian Government has repudiated, through Brazilian newspapers, the annual report on human rights issued by the U.S. State Department. The U.S. report released yesterday included Brazil among the countries that violate civilian rights.

In its reaction to the U.S. report, the Brazilian Government considers as unfounded charges of disrespect for civilian rights because the document does not consider the efforts by the Brazilian federal, state, and municipal governments to solve the problem.

The Brazilian Government believes the subject must be discussed by international organizations and stresses that the accusation is unacceptable because the U.S. Government does not release reports on human rights violations in its own territory.

President Itamar Franco Interviewed

PY0302210894 Rio de Janeiro O GLOBO in Portuguese 1 Feb 94 p 3

[Interview with President Itamar Franco by Jose Bastos Moreno in Brasilia; date not given]

[Text] [Moreno] What are the main characteristics of Itamar Franco's administration?

[Franco] An atmosphere of freedom reigns in the country. The government has given free rein to the press, which criticizes and does as it pleases because I have always believed that life looses all meaning without freedom and that mankind will be unable to find peace without justice.

[Moreno] There is a tug-of-war between the government and Congress over the passing of the economic plan. Is there any risk that Congress may reject this plan?

[Franco] I invited the presidents of both chambers of Congress and gave each of them a letter. Governability is not the sole responsibility of the executive branch. It is shared by Congress and the judicial branch. The government is doing its share. Never in contemporary history has a president of the Republic given so much support to a finance minister. Never in contemporary history have we seen a finance minister appear before Congress so many times to debate and discuss matters. His plan may be amended and he may agree with these amendments. We have established a democratic dialogue with Congress through the finance minister. What has Brazil seen so far? It has seen many economic plans implemented without the knowledge of Congress. Plans were implemented overnight without congressmen being able to even voice an opinion. We are now doing the opposite—

the government holds talks, backs off, moves forward. We currently want Congress to express its opinion on the economic program. If it considers it a good plan, then let it pass it. If Congress considers it a bad plan, let it then specify what is the best plan for our country. The vote of congressmen should not be based on political considerations because it is a presidential year and the [finance] minister may or may not run for the presidency. Brazilians are not interested in this. They are interested in whether the program submitted to Congress can curb inflation.

[Moreno] Isn't it a contradiction that Congress increased taxes on individuals and not on companies?

[Franco] That was really most unfair. It was a relatively insignificant act and yet it affected the political situation. It caused the government's plan to become somewhat—the expression is popular but to the point—crippled. It was unfair from a social standpoint. This injustice will have to be compensated during the next congressional stage on the measures the government wants Congress to pass.

[Moreno] The workers want an audience with you, Mr. President, to ask you to veto this tax increase. Will you veto it?

[Franco] I granted an audience to Mr. Medeiros (Labor Force President Luiz Antonio de Medeiros) to whom I showed the letter I sent to Congress. We discussed that injustice not long ago. If they come to see me, I will have to get the finance minister to examine the consequences of the workers request on the economic program. If he considers they may be improved, we can retrace our steps. Ours is a democratic government and we can either go forward or backwards. But—and let us be very clear—changing our ideas will, to a large extent, depend on the finance minister. Moreover, it should be pointed out that the income bracket affected by the tax increase is not that of workers. Workers will not be affected. If workers come to see me they will have to explain which workers have been affected. The low income bracket is not affected.

[Moreno] Most of your former ministers failed to vote on the issue. Did this upset you?

[Franco] They must have had their reasons. They do not have to explain their reasons to me. My former ministers and former congressional colleagues must explain to the Brazilian public. They may have had some sort of a problem. I cannot believe, after being a minister of this administration for more than 15 months, how a congressman could fail to attend a session in which issues of such importance for the government would be voted on. There must have been some reason. I will not call for explanations. It is up to the public to question these congressmen.

[Moreno] Some former ministers, however, are already covertly criticizing your administration. One of them has even said your administration has no face.

[Franco] I ask the Brazilian people: How can a minister who worked with the president of the Republic for 15 months and had the president's full support during these 15 months begin to think, after only 30 days, that the government has no face? Has the government lost its face during these 30 days or is the minister losing his face? Criticism must be made clearly, openly. The press permanently states that my administration is weak. In what sense? Does the press want me invert the institutional order? Does it want the president to adopt authoritarian measures? Does it want to see the president govern the country without the Congress, without the judicial branch? What is the administration's weakness? Is being democratic a weakness? As Otavio Mangabeira [former foreign minister from 1926 to 1930] used to say, democracy is a frail plant. Our democracy is still a frail plant. We are obeying the principles of democracy, which we might very well quote here: Without liberty there is no reason to live and without meeting the demands of justice men will never achieve peace.

[Moreno] From your tone we can perceive that this criticism affected you most.

[Franco] I just ask: What is the government's weakness? The government has an economic plan. It supports its finance minister and has been supporting other ministers. Where is the government's weakness? In the fact of having an earnestly democratic president? Some would like to see the democratic order inverted. Others would like to see the government disrupt the structure of Brazilian parties. Should we disrupt it the way others did here in South America?

[Moreno] Perhaps, Mr. President, the idea of a weak government is associated with your precarious support in Congress. So far you have not achieved a solid majority or even a circumstantial majority to approve basic bills.

[Franco] That has a certain logic, but I ask: Do political parties have a strong structure? Often we see that political parties have internal problems and some times very strong confrontations. Today Brazilian political parties are fragile. How was the government formed? The nation was paralyzed in amazement and submerged in discouragement and a rebellious feeling. We had to coordinate fragmented forces to form a government. Parties represented in the government turned against the government. In a parliamentary system the cabinet would have fallen as a consequence of the crisis in Congress. Ministers in the government represent political parties. They stopped being named by their political parties as of 15 December, but they were until then.

[Moreno] Political parties argue that a group of personal friends from Juiz de Fora [Franco's home town] run the show.

[Franco] What group from Juiz de Fora? We have people from Juiz de Fora here, but what power center from Juiz de Fora are they talking about? Such a power center does not exist. On the contrary, the people from Juiz de Fora

at the Planalto Palace do not participate in the high-level discussions on the country's problems. Here we discuss problems with Senator Pedro Simon and Minister Fernando Henrique Cardoso. We used to discuss them with Deputy Antonio Britto and today we talk about them with government leader Luiz Carlos Santos. We operate that way. Or is the criticism moved by the feeling that the president is a man from a country town and, therefore, he cannot govern the country? Is it because a man from the provinces cannot rule the country? Is it that only powerful men can become president?

[Moreno] Do you feel the closeness of the presidential election might affect your government? Criticism against you increases as the elections get nearer.

[Franco] The time has come for those who criticize the government to present their candidates for the presidency of the Republic. They are all party members. They will have a great opportunity to solve the country's problems. Let us see if they have the courage to face the public. I would like to see them in public squares, at the elections, discussing issues with the public. I hope they will have the courage to face the public, but not as candidates for deputy or senator, I want to see them as presidential candidates. I am very interested to see who will be the candidates for the presidency of the Republic. I want to know about those who continuously say that they know how to solve the country's problems, that national problems are easily solved, and that they are not solved only because the government is weak, because Mr. Itamar Franco is not prepared for the presidency. If they are so wise and so prepared they should not hide behind a candidacy to the Senate or the Chamber of Deputies. I take advantage of the opportunity to call on them to step forward, now is the right time to do it.

[Moreno] Will you support any candidate?

[Franco] For the time being, the government has no candidate.

[Moreno] It has been said that you have two candidates: Fernando Henrique Cardoso and Antonio Britto.

[Franco] They are two great names, but I am not saying they will be our candidates.

[Moreno] Will you stay out of the succession process?

[Franco] I do not know. We will look at the candidates. I need to know who the candidates are. If you are asking if Finance Minister Fernando Henrique Cardoso is a candidate, my answer is: I do not know if he is candidate. He has not yet discussed that with me. He merely sent me a letter to inform me that at this moment he is not thinking about becoming a candidate. I do not know if tomorrow he will decide to be a candidate.

[Moreno] Is it true that you are becoming impatient about Cardoso's failure to produce tangible results in his fight against inflation?

[Franco] Never before has a finance minister had so much support from the president of the Republic. I am giving him my full support because I believe in his work and in his desire to serve his country.

[Moreno] What are you planning to do after completing your term in office?

[Franco] I will go back to my life as an ordinary citizen. I do not plan to seek any elective office any more. Many people want me to resign in April so that I will be eligible to run for governor of Minas Gerais State, but I have declined. I will not deny that it has always been my dream to become governor of Minas Gerais. I was unfortunately defeated in the ballot boxes. I did, however, serve several congressional terms for Minas Gerais. I want to become an ordinary citizen again. I have asked God not to let power get to my head. Power is a temporary thing. While in office one may acquire a false notion of power. Your entourage will desert you as soon as you leave office. All I want to be is a voter.

[Moreno] Did you get excited about the proposed idea to allow the incumbent president to seek his reelection without having to leave office?

[Franco] I do not want to interfere in the constitutional revision process by raising this issue, but I will say that it is not a tradition in Brazil to reelect presidents or governors.

[Moreno] What is your opinion about the efforts of your friend [Senate government leader] Pedro Simon in bringing the PMDB [Brazilian Democratic Movement Party], PSDB [Brazilian Social Democracy Party], PDT [Democratic Labor Party], and PTB [Brazilian Labor Party] together to support a single candidate?

[Franco] I do not see it as an easy undertaking now. It would have been easier before when two forces like the PMDB and PSDB were united. The PSDB branched out of the PMDB. I see it difficult now. But I am not saying they could not get together for the presidential election. All this will depend on the patriotic spirit of each sector. [Late PMDB Deputy] Ulysses Guimaraes managed to bring Tancredo Neves' Popular Party together with the PMDB.

[Moreno] Have you already been tempted to seek undemocratic solutions?

[Franco] I wouldn't say tempted. I have received many letters and petitions urging me to do so.

[Moreno] From important sectors of society?

[Franco] From various sectors. I have never been tempted to do that because I am a democrat.

Cardoso: Congress Responsible for 'Governability Crisis'

PY0302172594 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 3 Feb 94

[Report by Cristina Indio do Brasil]

[Text] The PPR [Progressive Renewal Party] yesterday succeeded in preventing the vote on the Social Emergency Fund [FSE] from being considered a priority issue of the constitutional reform.

Congress President Senator Humberto Lucena scheduled another session of the constitutional reform for today, when the government will have a new chance to see the FSE approved.

The Congress again met without voting on a measure linked to the economic stabilization program because of a lack of quorum. They should have voted on the government request that voting on the FSE be considered a priority. Only 279 congressmen were on the floor, while the presence of at least 293 congressmen is required for the vote.

Finance Minister Fernando Henrique Cardoso, who spent almost 10 hours in Congress holding separate meetings with the PPR and the Brazilian Democratic Movement Party to discuss approval of the measure, said that the government has nothing more to negotiate:

[Begin recording] The only thing that I want to make very clear is that there is nothing more to negotiate, because every minute something new is invented. Everyone is currently defending his or her own interests. It is natural for one to defend one's own interests. The problem is that no one is thinking about the country's interests; no one is worrying about society's interests. By saying no one, I am exaggerating. The truth is that a large number of people are not thinking about the country's interests.

I believe we are having a very serious crisis. The Congress overcame the crisis resulting from the corruption CPI [Congressional Investigating Committee] and began the inactivity crisis. [end recording]

Despite all, the finance minister hopes that in the session scheduled for 1100 this morning Congress can make a decision regarding the amendment that creates the FSE. The minister said that he will talk to President Itamar Franco, who has supported all negotiations between government and Congress. He added that the Congress' failure to adopt a clear position has created a governability crisis in the country.

Cardoso 'Pours Out His Heart'; Criticizes Congress Impasse

PY0302174894 Rio de Janeiro Rede Globo Television in Portuguese 1500 GMT 3 Feb 94

[Text] Finance Minister Fernando Henrique Cardoso left home at 1000 this morning. For 20 minutes he poured his heart out to journalists. He said he faced much more than a defeat.

Before entering the Finance Ministry, he granted another interview and said that late this afternoon he will meet President Itamar Franco at Planalto Palace.

He really poured out his heart during the interview. He even suggested summoning a national constituent assembly to decide, once and for all, about the constitutional review. Here are the main portions of the minister's interview:

[Begin recording] There was no defeat. It was worse than that. We again lacked a quorum. We again saw that Congress does not want to perform its responsibilities before the country. This is not a defeat. It is worse than a defeat. Institutions are not fulfilling the duties Brazil believes to be theirs. Brazil wants to see them vote yes or no. If they vote no, we know what to do, yet Congress simply fails to attend the sessions.

I will fight. I will fight as long as I can, but only as far as the president believes to be reasonable, only as long as I believe there is a possibility of adopting constructive actions. Someone once said that being a minister is not a permanent state. One is a minister only for a certain period of time.

The constitutional reform is behind all these difficulties. There is a so-called leftist group of congressmen that believes there should be no constitutional reform and simply fails to attend the session. A conservative group wants the reform but is afraid of the changes and, for that reason, does not appear at Congress either. The result is anarchy: There is no review, reforms are not implemented. The situation is at an impasse. If there is no reform, which is the basis of these changes, the main Brazilian problems will remain untouched.

If we try more effectively to fight tax-evasion, for example, we are blocked. If we try to increase taxes paid by the financial sector, we are blocked. It is curious. When we proposed fining the owners of unproductive land and increasing taxes on wealthy people, those who always criticized the financial sector refused to vote. This proves that the Brazilian legislative branch and our legislative culture are always seeking alliances and looking for benefits. The price of this attitude, however, is paid by the people.

If things continue this way—and I may become convinced although I have never favored the idea—we may summon a national constituent assembly. This specific and new assembly will have to establish the paths the country will tread. Frankly, I no longer believe that

Congress, which has been badly damaged, has the energy to adopt the decisions Brazil needs. Despite efforts by some to apply medicines to heal Congress without submitting it to surgery—like the Corruption CPI [Congressional Investigating Committee]—I believe it has no energy to make decisions.

Will we have to wait a whole year? Will we have to hold elections—God only knows under what conditions—before being able to do something? If we want to do anything it will have to be now because the deadline for the constitutional reform is near. Would it not be better if the forces that still believe in this country got together and said: We will elect a group of Brazilians with the exclusive task of conducting the constitutional review? This can be done in two or three months.

How long will the Brazilian people tolerate this situation, particularly when one impasse simply leads to the next? [end recording]

Minister Cardoso added that he has always been supported by the president who has given him carte blanche. He confirmed that he will meet the president this afternoon and that any decision he adopts will be made jointly with President Franco.

Foreign Minister Underlines Increased Trade Within Mercosur

PY0302150794 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 3 Feb 94

[Text] In a meeting of the Chamber of Deputies joint congressional committee for Mercosur [Common Market of the South], Foreign Minister Celso Amorim said that Brazil will invest nearly $150 million in trade with Argentina, Uruguay, and Paraguay this year.

Amorim refuted criticism that the implementation of Mercosur was being delayed. He added that the member countries are merely negotiating schedules with longer adjustment terms for the implementation of the common custom fee.

The minister told the congressmen that trade among the Mercosur member countries has increased from $4.5 billion to $8 billion in the last three years.

Cuban Council of State Vice President Arrives

PY0202172094 Rio de Janeiro Rede Globo Television in Portuguese 1500 GMT 2 Feb 94

[Text] Cuban Council of State Vice President Carlos Lage Davila arrived today in Brazil for an official six-day visit. In Sao Paulo this morning, he met with Governor Luiz Antonio Fleury Filho.

Lage Davila came to Brazil with the mission of promoting commercial relations between the two countries. Cuba wants to increase its purchases of Brazilian products such as powdered milk, chicken, and fertilizers.

The Cuban official will this afternoon visit the Ribeirao Preto region to become acquainted with the technology used in the cultivation of soybeans and sugar cane.

Qatar, Brazil To Intensify Trade, Diplomatic Relations

PY0202132794 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 2 Feb 94

[Text] The governments of Brazil and Qatar have decided to open embassies in Doha and Brasilia one year from now. This will be one more effort by the two countries to intensify bilateral trade relations.

Last year Brazilian imports from Qatar totalled $112 million, basically in oil, while exports to that country amounted to only $29 million in chicken and iron ore.

The decision was made during the visit to Brazil by Qatar's Foreign Affairs Minister Shaykh Hamad Bin-Jasim Bin-Jabbur Al Thani.

Ambassador Protests Over World Bank Director's Statement

PY0202223694 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 2 Feb 94

[Text] Brazilian Ambassador to the United States Paulo Tarso Flecha de Lima has sent a protest letter to the president of the World Bank over the statement by World Bank Director Said Hussein.

During a speech to the America's Society, which groups most of the bankers with whom Brazil is renegotiating its foreign debt, Hussein said Brazil is the biggest cloud on the Latin American horizon.

In his letter, the Brazilian ambassador said he is surprised at this statement because a World Bank official like Hussein cannot denigrate the image of a country which that bank should help.

Britto Not To Run For President; Favors Alliance

PY0302143394 Rio de Janeiro O GLOBO in Portuguese 2 Feb 94 p 4

[Interview with Deputy Antonio Britto of the Brazilian Democratic Party Movement in Rio Grande do Sul State, PDMB-RS, by Denise Rothenburg in Brasilia; date not given]

[Text] [Rothenburg] You have been mentioned as one of the preferred candidates in the poll carried out by Ibope [Brazilian Public Opinion and Statistics Institute]. Will that make you change your mind about running for governor of Rio Grande do Sul?

[Britto] For the presidency I am the second choice; for governor of Rio Grande do Sul, I am the first choice. I already made a commitment with the people of Rio Grande do Sul, and I cannot go back on my word. I am

candidate for governor, and I already prepared an alliance in this regard. I have been working for one year to be governor. I believe we can also make a great alliance for the presidency. If we can work out an alliance, it would be easy to find a candidate.

[Rothenburg] Apart from you, a leading candidate among PMDB convention delegates is former Sao Paulo Governor Orestes Quercia. Do you believe his name would be endorsed by such an alliance?

[Britto] I do not believe a party could nominate a candidate who would have to answer too many questions. I do not know the truth about Quercia. I cannot say whether the charges made against him are fair or unfair. All I know is that for any candidate having the above probiem it would be very difficult to win votes on the streets.

[Rothenburg] Does that mean that he could not be a candidate?

[Britto] The PMDB and the other parties have other names. We have to act judiciously, and weave a strong social-democratic alliance already for the first round of the election. We have learned in politics that after working out an alliance it is easier to find candidates. Yet without an alliance, no candidate will stand a chance. Winning the election should not be our only priority at this time. Collor did just that. We must also guarantee governability. By doing this, we would be innovating in Brazil by having a president who will in fact rule the country. Neither Sarney, nor Collor, nor Franco managed to do that.

[Rothenburg] But to weave that alliance it will be necessary to overcome regional interests. For instance, do you find it possible to unite Quercia, [Sao Paulo Govenor Luiz Antonio] Fleury, and [Brazilian Social Democracy Party Senator Mario] Covas in Sao Paulo?

[Britto] In this election we will have to follow that old popular saying "we either spend our money to eat, or we just keep our money." If we want a strong president, we must overcome our regional interests and sacrifice some fellow members in some states. If political parties choose to push for regional interests, we will not have a strong alliance or a candidate. As the popular saying goes, we will have to choose between either food or money.

Judge Rejects Injunction Against Constitutional Revision

PY0302222794 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 3 Feb 94

[Text] Supreme Court Justice Marco Aurelio Mello today rejected an injunction to suspend the constitutional revision in Congress. The injunction had been filed by the leaders of the PT [Workers Party], the PDT [Democratic Labor Party], the PC do B [Communist Party of Brazil], and the PSTU [expansion unknown].

U.S. Company Accused of Smuggling Wood From Amazon

PY0302003194 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 2 Feb 94

[Text] An accusation was made in the Amazon that high-quality wood smuggled by a U.S. company is being used as railroad ties in the United States.

[Begin recording] [unidentified reporter] The office of the U.S. company (Hatch Main) was located in a room of this hotel in downtown Manacapuru, 80 km from Manaus. The company owners disappeared but the last shipment of wood ready for shipment was left on the banks of the Solimoes River. The people living in the area told Ibama [Brazilian Institute for the Environment and Renewable Natural Resources] inspectors that the U.S. company (Hatch Main) has been buying wood from the region's Indians for more than eight months.

The inspectors discovered that the wood was shipped clandestinely directly to the United States, and that because of the wood's condition they believe it would be used for railroad ties. Ibama inspectors believe all the wood smuggled by the company was enough to build at least 300 km of railroad tracks. The shipment seized by Ibama, which is worth almost 6 million real cruzeiros, has more than 1,000 railroad ties of macaranduba, which is a high-quality wood that is becoming rare in the Amazon. The Federal Police now will investigate the whereabouts of the Americans and try to discover who was facilitating the shipment. [end recording]

Exporters To Retain 20 Percent of Coffee Exports

PY0402021494 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Feb 94 p B13

[Article by Tania Malheiros]

[Text] Rio de Janeiro—National Coffee Council, CNC, President Manoel Bertone on 2 February said the government decision to transfer the national coffee retention program to the private sector has advantages and disadvantages. "The main disadvantage is that Brazilian producers will lose competitiveness regarding their international competitors because our export costs will increase," Bertone said. However, he estimates that this system gives the retention program greater credibility and is not as strong an interference as a confiscation system would be.

According to a decision by the Industry, Commerce, and Tourism Ministry, as of 1 March the government will transfer to exporters the job of retaining 20 percent of the volume of coffee exports. In Bertone's opinion, the government's decision is the closest to a market solution.

The CNC president said Brazil knows that its competitors also are facing an identical situation. "This has led our competitors to seek new methods to raise coffee prices, as in the case of the minimum registry system adopted in Colombia," he said.

Roundup of Economic Reports Through 3 Feb

PY0302222594

[Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 3 February.

Sao Paulo industry grew 11.2 percent in 1993. The Sao Paulo State Federation of Industries reported that the Industrial Activity Index in December was 13.1 percent higher than the same month in 1992, and 1.2-percent higher than in November. The number of employed people in the industrial sector dropped 3.8 percent compared with the previous year. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Jan 94 p B5)

The Average General Price Index, IGP-M, which measures inflation according to the financial market, ended January with an inflation rate of 39.07 percent. The index is 0.75-percent higher than the December rate. The January inflation rate is the highest since March 1990. (Rio de Janerio Rede Globo Television in Portuguese 2200 GMT 31 Jan 94)

The Bank do Brasil, BB, had a net profit of $388.8 million in 1993, lower than 1992's $446.7 million. The BB plans to auction its shares in 83 companies after Carnival on the Rio de Janeiro stock exchange. (Sao Paulo GAZETA MERCANTIL in Portuguese 1 Feb 94 p 1)

*** BNDES Head on Stabilization Plan, Privatization**

94SM0195A Rio de Janeiro O GLOBO in Portuguese 9 Jan 94 p 42

[Interview with BNDES [National Bank for Economic and Social Development] president Persio Arida, by Miriam Leitao and Luiz Noronha, place and date not given; first three paragraphs are O GLOBO introduction]

[Text] During the entire time the FH [Fernando Henrique] Plan was being readied, economist Persio Arida remained in the background. He said very little and was hardly ever seen in public. On the day the plan was announced in Brasilia, he sat discreetly in a side chair at the large table that had been set up on the platform in the press conference room at the Ministry of Finance.

The first journalist in line at the microphone opened the question period. What Arida had tried to conceal was then revealed. The other members of the economic team and the officials seated at the table looked in his direction for the response. Rather awkwardly, he began to answer and became the central figure during practically the entire press conference.

At age 41, Persio Arida is, for the second time in his life, a key player on an economic team that is involved in a stabilization plan. The first time was during the Cruzado Plan. Still professorial, he displays more enthusiasm when he talks about the theoretical concept of the plan than about its practical application. He thinks it is too early to unveil mysteries such as, for example, whether the exchange rate between the new currency and the dollar will be a fixed rate. But he left no doubt on one point: the plan will cause losses, mainly for those who have something to gain from inflation. There is only one trick to guaranteeing this kind of plan: "political coalition." He also explains why he is staying in Rio, as president of the BNDES, rather than going to Brasilia. "Privatization is an integral part of any stabilization process."

[O GLOBO] The inflation rate is rising, the money supply is expanding, the Central Bank is having trouble selling bonds, and everyone thinks the minister will step down in April. Is this a good time for an economic plan?

[Persio Arida] Indeed the inflation rate has risen, but this must be attributed to a farm products price shock. But government paper is not being rejected; the NTN [National Treasury Notes] auctions prove this. As for the monetary expansion, it is a mistake that we must market bonds to shrink the monetary base. Building up reserves will produce practically the same effect.

[O GLOBO] So this is a good time?

[Persio Arida] A good time is when the public finances are in order. Now, therefore, is not really a good time. Unless the budget and the fiscal adjustment are approved, the right moment will not be created. That is what is most important. Furthermore, a stabilization plan announced during a "supply shock" will run into trouble. The third feature of a good time is the existence of a consensus in the minds of the public and the government about the imperatives of the stabilization. Stabilization does not come about because of an act by the finance minster. Any stabilization involves a net gain for society, but it always involves losses.

[O GLOBO] How does the apprehension about Minister Fernando Henrique's candidacy affect that coalition?

[Persio Arida] I would rather comment in greater depth on the political coalition. Stabilization involves far-reaching changes in the way the economy functions. It is not something that is applied topically. A technically well-designed program that does not have the backing of the public has a good chance of failure. That is why the question of the right moment, aside from the fiscal requisite, depends essentially on magic—in the sense that it charms, enchants, and so wins the support of society.

[O GLOBO] You mentioned losses. Are they digestible?

[Persio Arida] Every program has its costs. Since the identified losers have a stronger lobby than the scattered winners, the political balance is unquestionably difficult to maintain.

[O GLOBO] The initial version of the plan called for a slow, voluntary transition to the new currency. But no economist believes it is possible to eliminate a 40 percent [monthly] inflation rate this way.

[Persio Arida] The fact that contracting in URV's [Real Value Unit] is voluntary does not mean a drop in the inflation rate will not cause losses. We have had high inflation rates for more than two decades. We must assume that this inflation has deep roots. I would be the last to say that everyone will win.

[O GLOBO] And do you think this country is mature enough to understand this clearly?

[Persio Arida] My assessment is that our society is maturing....

[O GLOBO] Maturing?

[Persio Arida] It is a process, it really is. Most of our problems were inherited from the decade of the 70's, the era of big nationalizations and regimentation of the economy. The State was the driving force of the Brazilian capitalist system; it had a fantastic power to choose the losers and the winners. That led to a series of imbalances.

[O GLOBO] When you ask a businessman if he believes the plan will turn out well, he answers that he is rooting for it. The fans are as irrational as those at a soccer game, but the public is not convinced that the plan can turn out well. What are the actual chances that the plan will work?

[Persio Arida] There are lots of fans, but plenty of caution. Some of the doubts result from the fact that stabilization in Brazil is truly difficult to achieve. We have said, simplistically, that Brazil has one currency for the rich and another one for the poor. But it reflects what is happening. An appreciable portion of our population has no bank accounts and, if they do, they cannot invest. That part of the population is the big beneficiary of a decline in the inflation rate. For those who are indexed, a 40 percent inflation rate is not so serious. "Serious" is what it is for the great majority of Brazilians. But it is interesting to note that all attempts at stabilization in Brazil have had popular support.

[O GLOBO] The popularity ratings of a finance minister usually go up in the same proportion as inflation declines. Imagine what would happen to a minister who is already popular when the inflation rate is at 40 percent....

[Persio Arida] Stabilization is a difficult process. It demands an ability to resist very strong pressures—pressure not only from the general public, but from the lobbies. Some lobbies are rooting for the plan, provided the adjustments are made by others, not by them. The budget issue is an example of this. Everyone wants to cut someone else's spending. Stabilization demands a determined government.

[O GLOBO] Does the government have any appetite for going against special interests?

[Persio Arida] That is one of its biggest tests: being able to cut, and to defend the cuts in Congress.

[O GLOBO] The Congress does not want to bear the burden of the chaos that would follow the rejection of the budget, but it will certainly try to debate certain points. What points are non-negotiable?

[Persio Arida] We are talking about balancing the budget. Therefore, there is a quantitative restriction. We cannot depart from our zero goal. We have to be careful, because it is not only the zero goal that is important; the quality of the result matters, too. The budget has always involved estimates. If we overestimate the expected revenue, we will have a budget that will look balanced, but may not be so in the long run. In other words, depending on how it is done, one zero is not the same as another zero. Negotiation is part of any democratic process.

[O GLOBO] In a recent interview, you said that the more time spent in the process of adopting the new index mechanism, the better. However, Minister Fernando Henrique has said just the opposite.

[Persio Arida] With inflation at 40 percent, of course the faster the process moves, the better. That is what I want to see, too. The more rapidly the parts come together, the better.

[O GLOBO] But if it goes too quickly, might it not produce a hyperinflation in terms of the real cruzeiro?

[Persio Arida] We would like to see this recontracting in URV's translate into a real and permanent equilibrium. If we set deadlines, that will lead to ill-conceived transactions. Reducing the average period of indexation makes the index more volatile, both upward and downward. That is why it is a step that can only be taken when conditions are favorable. If we start from the hypothesis that the fiscal adjustment will be delayed and will not be approved, the tendency will be to stretch out the indexation.

[O GLOBO] Do you believe we are vulnerable to a risk of hyperinflation?

[Persio Arida] The classic definition of hyperinflation is an inflation rate above 50 percent. That definition comes from Philip Cagan, and is based on the inflationary processes that preceded World War II, when the financial system was not as technologically sophisticated as it is today. Those were processes that entered into spontaneous combustion. Once the process got started, people took their money out of the banks and tried to buy more things. The more they bought, the higher prices rose and the worse things got for those who had not yet bought. Our experience at the end of the Sarney administration was different from classic hyperinflation. The economy was still functioning, more or less.

[O GLOBO] Even so, isn't the approval of the fiscal adjustment a race against time?

[Persio Arida] No question. The sooner it passes, the better.

[O GLOBO] If it is passed, will this country get the URV the following month?

[Persio Arida] The URV is a complex mechanism—the details are still being discussed within the administration. The basic concept was developed within a principle of flexibility. The stabilization process is like a game of chess. In that sense, no matter how well a good player can anticipate some of the moves, there is always the imponderable. That is why it is important that the mechanism be flexible enough to open up a range of possibilities.

[O GLOBO] Let us anticipate just one move: will the exchange rate between the new currency and the dollar be a fixed rate?

[Persio Arida] That question of the exchange rate has been framed as the biggest doubt about what will happen in the third phase.

[O GLOBO] In the Cavallo phase of the Brazilian plan?

[Persio Arida] You said that; I didn't. Any discussion of the third phase would be premature at present. I am not trying to evade the question, but there is something wrong with the Brazilian monetary system today. There needs to be an institutional change in this area. In Argentina, they established a fixed rule, an automatic rule. In Brazil, changes often require changes in laws.

[O GLOBO] How will it be possible to privatize 34 companies this year, as planned, if only one has been privatized in the four months since you took office?

[Persio Arida] The privatization process has a long gestation period. We will not be starting from zero in all 34 companies; many have already been appraised. Of course there are problems. It is easier to sell off a steel mill than an electric power company, which involves a public utility concession.

[O GLOBO] Even if it is technically possible, is there the political will to privatize 34 companies in the final year of an administration?

[Persio Arida] Privatization is an integral part of any stabilization process. It is a contradiction in terms to pursue a stabilization program without making progress in privatization. The state still has a regulatory and indicative role. The electric utility sector in the United States is completely private, but it is also completely regulated. Having state ownership is extremely costly. Look at the question from the standpoint of the public debt. On the one hand, the Treasury has properties; on the other, it has very high debt service costs. It reminds one of a man who owns a huge tract of land and is paying astronomical carrying charges, but will not sell a single piece of his property.

[O GLOBO] It would be wonderful if the administration, as a whole, believed that, wouldn't it?

[Persio Arida] That is a process of maturation. It goes slowly. Our culture had always been a culture of the paternalistic state.

[O GLOBO] Talking about the paternalistic state, what is the new role of the BNDES?

[Persio Arida] I am convinced that if the state resumes its growth at an accelerated pace, the bottlenecks in the infrastructure will show up very dramatically. These are projects that mature over a long time and are complicated to put together. They are projects for which the backing of a development bank is very important. The problem is that all these projects are under the control of the State. Given the State's financial crisis, guaranteeing a return on those investments is a very different task, depending on whether they are undertaken by the public sector or by the private sector. The process is intimately tied to the privatization of those same services; otherwise, the money gets lost in the web of reciprocal debits of the public sector.

[O GLOBO] But the BNDES has lost so much by lending to the private sector....

[Persio Arida] We are working very, very hard to recover the sums owed us. If you look at the renegotiated credits, you will find the bulk of them are in the public sector. The BNDES does not make subsidized loans to anyone. Those days are over. Subsidies and forgiveness of debts no longer exist here.

[O GLOBO] Do you think BNDES employees are too highly paid?

[Persio Arida] Concepts of equity have been distorted in public administration. There are all kinds of inequalities: between branches of government, within the Executive Branch, and within the state enterprises. Salaries in the state enterprises are not too high in comparison with those in private enterprise, but they are ridiculously higher than those in the direct government administration. The entire direct administration earns very little. We need fewer civil servants, and higher salaries. Public officials should be well paid.

* Rapporteur Views Prospects for Constitutional Revision

94SM0195B Sao Paulo VEJA in Portuguese 12 Jan 94 pp 7-9

[Interview with Deputy Nelson Jobim by Luis Costa Pinto, conducted "last week," place not given; first two paragraphs are VEJA introduction]

[Text] Deputy Nelson Jobim, of the Rio Grande do Sul PMDB [Brazilian Democratic Movement Party], is now one of the most overworked legislators in Brasilia. Three months ago, Jobim was elected rapporteur of the constitutional revision process—the corrections that are to be made in the 1988 Constitution. He has had not a moment's peace since then. After barely two weeks as rapporteur, he had to swap his cellular telephone with a friend and install an answering machine in his house. Jobim spends hardly any time at home now. He eats, drinks, and sleeps constitutional revision. "During the

day, I even drink tea and coffee while talking about the revision," the deputy joked. The task is Herculean. The deadline for submission of amendments has now expired; there are a total of 17,000 suggestions. All of them will pass through a screening process coordinated by Jobim, who will have four deputy rapporteurs to help him with the job.

So far, all this work on a subject as important as the constitutional revision has been obscured by the Budget CPI [Congressional Investigating Committee]. Legislators will have to work hard from now on, if the revision is to be finished by 15 March, the date set by Congress for promulgation of the revised text. The importance of the subject merits such an effort. "The country needs this revision," Jobim said. "The bottlenecks that hold back production and the economy are in the tax area, and in the concentration of monopolies in the hands of the government." At age 47, married, three children, an attorney on leave from his partnership in a law firm with offices in Brasilia and Rio Grande do Sul, Jobim will have even more work to do between now and 15 March. He wants to end government monopolies, change the social security system, establish an external control over the judiciary, and approve a tax reform package that will reduce the number of taxes and increase the number of taxpayers. Last week, in the midst of reading the proposed amendments, the deputy gave VEJA the following interview:

[Costa Pinto] Are you sure we are going to get a revision?

[Jobim] Yes, we will get a revision. All we need to do to make this more obvious to the general public is to agree on a minimum agenda listing the topics of the revision. Starting this week, I will hold separate conversations with all the party leaders to reach such an understanding. I am going to talk to parties that oppose the revision, such as the PT [Workers Party], PDT [Democratic Labor Party], PC do B [Communist Party of Brazil], and the PSB [Brazilian Socialist Party]. We will start the debate on the revision by discussing legislative immunity, a subject on which those parties cannot fail to express an opinion. Once we have given it an initial kick, the revision will get moving.

[Costa Pinto] What will be on this minimum agenda?

[Jobim] The agenda will represent a consensus of my conversations with the leaders. I see two blocs of issues. One—economic—includes tax reform, changes in the monopoly system, and restructuring of the pact between the federal government and the states. The other—political—concerns modifying the elections system.

[Costa Pinto] Will the revision generate a revised and expanded, or a revised and abridged, edition of the Constitution?

[Jobim] As rapporteur, I want to produce an abridged version of the Constitution. We have made a rule: no inventions. There is no room for unnecessary novelties, for creating new issues and new chapters. To the extent that more issues are placed into the Constitution, the powers of Congress are reduced and those of the judges, of the Judiciary, expanded. The constitutionalization of subject matter leads to the jurisdictionalization of politics, i.e., giving the Federal Supreme Court an opportunity to rule on everything that is done in this country, because everything becomes a constitutional matter; this curtails the freedom of the Executive Branch and the legislators.

[Costa Pinto] How will the Congress find time to debate the merits of the 17,000 amendments submitted for the constitutional revision?

[Jobim] We are not going to discuss the amendments one by one, only the topics of the revision and their merits. We have received 80 amendments that regulate the president's use of "provisional measures." I will not read all of them. We need to find out what the majority thinks about the subject and then draft consensus amendments inspired by those 80 original amendments. You would not believe how much repetition there is in those 17,000 amendments.

[Costa Pinto] Is the 1988 Constitution that bad?

[Jobim] I would divide the 1988 Constitution into two parts. The part on individual rights and guarantees, which is very good, and the part on the design of the State—which is faulty. We must redefine federalism and the system of government, because the Constitution is very unsatisfactory on those points. We have to do something about the Judiciary, an area where the 1988 Constituent Assembly made no progress at all. The way money is spent in Brazil is wrong, and the CPI's are proof of that. When we drafted the present Constitution, we were looking backward. Everything that the military had done looked wrong to us. That is not reality.

[Costa Pinto] It is not for lack of laws that Brazil is in crisis. Do we really need this revision, which is, after all, a process of enacting new laws?

[Jobim] We do. The bottlenecks that hold back production and the economy are in the tax area, and in the concentration of monopolies in the hands of the government. In 1988, we gave special favors to outmoded monopolistic protectionism, something very common in mercantile capitalism, and we forgot to protect the user, the consumer—in short, the taxpayer. We ended up creating an economy of special privilege, a monopolistic economy that leans toward statism, that does not protect the ordinary Brazilian. This habit of creating laws is a fault we inherited from the Portuguese. They thought they could resolve things that way, and even today they have one of the world's most complicated bureaucracies. But, on the other hand, you cannot modernize institutions without enacting laws. Our big mistake was to transform laws into speeches, making everything polemic.

[Costa Pinto] In an election year, will legislators be capable of drafting a Constitution that reduces the size of

the State, changes the tax system, ends retirement based on length of service, and redistributes the obligations between governors and mayors?

[Jobim] Administrative decentralization is one of the strongest trends that is emerging in this revision. It is a way of redesigning the State by redoing the federative pact. The CPI on PC Farias concluded that the corruption of the Executive Branch was possible only because of the concentration of powers in the hands of the president of the Republic and the ministers. States and cities, which won more revenues starting in 1988, must now assume new obligations, and the federal bureaucracy that is entrenched in Brasilia opposes this, because it would curb Brasilia's power. The suppliers are another group that is rising up against decentralization. It is easier to corrupt a centralized State—you just go to Brasilia—than to travel around the country buying special privileges. With administrative decentralization, you also dilute the power of politicians, who love to propagate problems so they can sell solutions. This renovation of the State has to be part of the party discourse. One legislator cannot take an unpopular position like this because he will get burned, but the parties have an obligation to adopt this line. After all, if they expect to come to power, they need to be concerned about what they will inherit.

[Costa Pinto] Why, and by whom, was the agreement made not to meddle with the so-called "social conquests" of the 1988 Constitution?

[Jobim] I did that. Early last year, I was at a meeting of businessmen in Porto Alegre, attended by American economists, and everyone jumped all over the rights of workers as stated in the Constitution. I told them that if they thought the purpose of the revision was to take away worker rights, they were not only mistaken, but they would kill all chances of accomplishing anything. The revision would become ideologized, and centrist parties like the PMDB and PSDB [Brazilian Social Democracy Party] would be shoved over toward the Left and forced to forge alliances with the PT and the communist parties. I made them realize that the important thing is to change the economic order and the social security system, end the monopolies, and modernize the federative pact. After that, the leaders of the PMDB and PSDB agreed to take a firm stand against changes in the social conquests. The PFL [Liberal Front Party] did not take a position, making it clear that it would go along with that agreement.

[Costa Pinto] Two polls, one by Diap and another by MultiConsultoria, found that more than 70 percent of the legislators want to change the electoral system by instituting mixed district voting. What kind of election system is Brazil likely to have after the revision?

[Jobim] The trend I have observed in the amendments submitted is toward the mixed district vote. Our election system has outlived its usefulness. It dates from 1932, which was the Getulio Vargas era, when Minas and Sao Paulo were taking turns electing the presidents, when there were no political parties. After this revision, we will probably have election of regional deputies and national deputies. The current election system is brutal: it induces the country not to think. No one gets elected on national issues.

[Costa Pinto] Might the revision vote on only the most pressing topics now and leave the rest to 1995?

[Jobim] No. There will be only one revision. The revision proposed by the 1988 Constituent Assembly has to begin and end without intermissions. And how could we carry out a revision in 1995, with a new Congress and a new president? If new the president has a majority, he would conduct a revision in his image and likeness. If he is weak, he would become a hostage to Congress.

[Jobim] From what you have already read of the amendments in the tax area, what model of tax collection and how many taxes are likely to survive in the revised Constitution?

[Costa Pinto] There are eight kinds of complete proposals for tax reform. Six of them retain the classic concept of taxation on income, consumption, and property. What almost all of them have in common is elimination of points of over-taxation, such as a reduction in the burden on payrolls, in exchange for a new withholding tax rate of 5 percent that would catch all wages and salaries. There are also two more radical proposals, such as the one by Flavio Rocha, which would leave Brazil with only three taxes: the IPMF [Provisional Tax on Financial Operations], the tax on foreign trade, and a tax on beverages and games of chance. Then there is a proposal by Deputy Luis Roberto Ponte that would leave us with eight taxes.

[Costa Pinto] Will Brazil have fewer state enterprises and be free of the monopolies after 1994?

[Jobim] The state enterprises are the thorn in the side of this revision, and this country. The State is no longer an agent of production as it was in the 1950's and 1960's. State enterprises are not a subject of the constitutional revision—monopolies are. Today we have three big state monopolies: petroleum, telecommunications, and nuclear energy. No amendments suggest changes in the nuclear field. As for petroleum, some amendments that would completely abolish the monopoly, leaving Petrobras [Brazilian Petroleum Corporation] with nothing to do. Others seek a middle ground—maintaining the monopoly on exploration and drilling for petroleum in the hands of Petrobras and privatizing the refining and distribution. Then there are amendments that would allow private enterprise to enter all phases, by government concession. The problems in telecommunications are exactly the same, and the proposals are similar. Now from what I have already seen and discussed in the Congress, I can say with certainty that the monopolies will not stay the way they are. How they will change, I cannot yet say. We need to get a feeling as to what kind of State the majority of congressmen want. An interventionist State? A regulatory State? A do-nothing State?

This issue will split the body between neoliberals, advocates of greater flexibility, and statists.

[Costa Pinto] Hasn't the attention paid to the Budget CPI cooled off the debates on the constitutional revision?

[Jobim] Actually, it was a good thing that the spotlights were turned toward the CPI. Without unproductive debates on bureaucracy, the revision was able to get a head start on its deadlines and only now, when ideology and the different parties' plans for Brazil are coming to the fore, will we go back to discussing ideas. That is why the CPI did not hurt us, it helped. Now that the CPI's deadline has been extended to the 24th, voting on the revision could start on the 26th.

[Costa Pinto] But the revision has to end on 15 March. And Carnival falls in the middle of that period. Isn't that too little time for the public to participate in the revision?

[Jobim] The timetable is certainly tight, but the public should and will participate in the debate. But I must remind you that this is not a Constituent Assembly, and nothing is going to be invented. We are only going to rewrite and delete. Tax reform, which is perhaps the most controversial topic and the one that most directly affects the average citizen, has been under discussion for two years now. The rest are well-known topics—they may be controversial because they are ideological, but I do not see the general public mobilizing against the revision. The vested interests are against it, yes. But it seems to me that they are also against citizens and taxpayers.

[Costa Pinto] How can a good Constitution prevent, or at least make it more difficult for thieves to get into the political machinery and how can it prevent reruns of CPI's like the ones on PC Farias and the budget?

[Jobim] We can close the loopholes in the Constitution that are open to corruption. We do not need to stiffen the penalties against corrupt individuals, what we need to do is prevent corruption by reducing the size of the State. If Brasilia's power over the aspirations of Brazil is diminished and the oversight mechanisms are strengthened, we will have made a fine contribution to this country. Increasing the repressive machinery does not reduce corruption; on the contrary, it raises the stakes in the battle of good versus evil, and makes the corrupt more creative.

[Costa Pinto] Will the revision tend to improve the relationship between the executive, judicial, and legislative branches, or will the three parties continue to clash with each other?

[Jobim] The American Constitution created three branches of government so that they could share the power. Now—and this is not merely a Brazilian phenomenon—we have separate institutions that fight among themselves for the power to be a branch of government. The Executive Branch wants to be the Legislative Branch and get rid of the Judiciary. The Legislative loves to play at being the Executive, and the Judiciary likes to be all three together. In a democratic state, power exists only if those who hold it are responsible to the nation. There is a social duty to be accountable to the ordinary people, but none of the three branches permit administrative oversight and they do not have independent sources of revenue. When people talk about external control over the Judiciary, they are talking about the rendering of an administrative and financial accounting. On that point I will not yield. There is no justification for a superior court judge—in Brasilia for example—to take two years to write up the opinion on a decision on which the full court has voted. The decision is not valid until the opinion has been issued, so why is that judge holding back those opinions? I don't know. But that situation exists, and it is going on right now.

[Costa Pinto] And the PMDB? Don't you feel uncomfortable belonging to a party that is the target of so many charges of corruption, one that has no platform?

[Jobim] We must not confuse personal relationships with political ones. The problem with the PMDB is that we have no party line. We have nothing to say to the country. We have no platform and no model for Brazil. Having a platform is crucial to party unity. If it does not exist, then unity moves into the personal field. In 1994, we *peemedebistas* will take refuge in our regional realities and will, in the last analysis, be absent from the national political debate. We in Rio Grande do Sul decided not to leave the party because southerners have a hard time understanding such changes. We decided to stay and fight to purge the party of the bad apples and give the party a purpose.

[Costa Pinto] If Quercia or Sarney get control of the PMDB machine and become viable presidential candidacies, would you vote for them?

[Jobim] There is no possibility of my voting for either of them. I would even work against them, and would urge the PMDB in Rio Grande do Sul to rebel against them.

[Costa Pinto] Does the fact that the government has had no leader in the Chamber for three weeks now, and has not submitted proposals for the revision help, or hinder?

[Jobim] The administration's absence from the revision is unfortunate. The logic of the presidential system of government depends heavily on the president of the Republic. He sets the tone for the opposition. We lack an opposition simply because there is a feeling that we also lack a government. Itamar has forgotten that he sits in a chair where one is supposed to think about the country.

[Costa Pinto] And Itamar—does he help, or hinder?

[Jobim] He neither helps nor hinders, and that's the worst of it. He is neglecting his duties. His administration lacks substance. It's spongy. One minister pulls the government to one side, wanting to enact a tax reform and balance the books, but another minister wants to rehire 100,000 civil servants. Itamar is the head of a

government that lacks direction. Note that I am not questioning the president's intentions—only the way he is doing his job.

Chile

Roundup of Economic Reports Through 3 Feb

PY0302212694

[Editorial Report] The following is a compilation of reports on economic activities in Chile monitored through 3 February.

Economy Minister Jaime Toha and Foreign Investment Committee Deputy Chairman Roberto Mayorga reported that foreign investments in 1993 hit a record $2.6838 billion, an 87.5-percent increase compared with the previous year. This amount, which represents 6 percent of the country's GDP, breaks down as follows: $865.2 million in capital investments, $800.5 million in credits in operations via Decree-Law No. 600, $191.3 million in capital investments through Chapter 14, and $826.8 million in American Depositary Receipts. (Santiago EL MERCURIO in Spanish 19 Jan 94 pp A1, A12)

The Industrial Development Association reported that Chilean industrial productivity increased 4.7 percent during 1993, less than in 1992. The production of nonelectric machinery, earthen and ceramic products like bricks, furniture, and accessories increased more than 20 percent. Production of oil byproducts and textiles dropped considerably. Domestic sales increased 7.6 percent. Industrial exports increased 0.6 percent. Exports of tomato juice, puree, chicken meat, and shoes dropped considerably. Electricity consumption increased 8 percent. (Santiago Radio Cooperativa Network in Spanish 2200 GMT 28 Jan 94)

Association of Metallurgical Manufacturers President Juan Riveros on 17 January reported that the metalworking industry increased 12 percent in 1993. He added that the industry is exporting to nearly 60 countries. (Santiago LA TERCERA DE LA HORA in Spanish 18 Jan 94 Business Section p 3)

A total of $34.5 million was funneled into foreign investment funds in 1993. Despite the fact that this operation started in Chile four years ago, the foreign investment fund has dropped substantiaily. Remittances amounted to $53 million. The Equity Fund of Latin America led this operation with $26.4 million, the Chile Fund Inc. with $9.8 million, and the Five Arrows Fund Ltd. with $8.5 million. Total remittances were $128.1 million, of which 41.4 percent was made in 1993. (Santiago ESTRATEGIA in Spanish 19 Jan 94 p 15)

Chamber of Commerce Chairman Juan Carlos Delano said commerce grew 9.5 percent in 1993 compared with 1992, when it grew 14 percent, and that retail sales increased 11 percent. He added that the sector created more than 90,000 new jobs, and that investment dropped 19 percent compared with the previous year. (Santiago ESTRATEGIA in Spanish 19 Jan 1994 p 4)

International Economic Relations Director Eduardo Moyano reported that Chilean companies invested $1.445 billion abroad between January 1990 and November 1993, of which $1.056 billion was invested in Argentina and $64 million in Peru. (Santiago EL MERCURIO in Spanish 19 Jan 94 p B1)

The Consumer Price Index increased 1 percent in January. Food, transportation, and communications increased the most during January. (Santiago Television Nacional de Chile Imagen International in Spanish 0000 GMT 2 Feb 94)

Colombia

Gaviria Urges Venezuela's Caldera To Continue Integration Process

PA0302151594 Paris AFP in Spanish 1753 GMT 2 Feb 94

[Text] Santa Fe de Bogota, 2 Feb (AFP)—Colombian President Cesar Gaviria hailed the arrival of Rafael Caldera to the Venezuelan presidency, and he urged him to continue the binational integration process and overcome—through frank dialogue—any obstacle.

Gaviria said in a message aired in Santa Fe de Bogota on Wednesday on the occasion of Caldera's inauguration: "The challenge of those who today received the Venezuelan nation's helm, as well as of those who shall receive the leadership of Colombia in seven months, shall be to preserve what has been achieved and to attain what we still lack." The Colombian president did not travel to Venezuela because President Caldera did not invite any foreign presidents to his inauguration.

Gaviria noted that, now with Caldera as president, "Venezuela has a man of integrity, versed in public matters and with a vision and leadership recognized throughout the continent, whose serenity and experience will be the best guarantee that this new administration will achieve significant accomplishments."

Upon insisting on the need to continue the two nations' integration process, the Colombian president said, "the two nations' futures are inexorably tied together. Never before has the possibility been so close to make reality the dream of that universal Venezuela that you and we respect so much—Simon Bolivar, the Liberator."

Gaviria acknowledged that the extensive shared border (2,000 km) creates frictions, "but what we must understand, Colombians, as well as Venezuelans, is that the closer our ties and the more extensive our cooperation, the greater shall be our possibilities in successfully overcoming all obstacles."

Roundup of Economic Developments Through 2 Feb
PA0302172394

[Editorial Report] The following is a compilation of reports on Colombian economic developments monitored through 2 February.

The Colombian Government has decided to cut its 1994 budget by 369.8 billion pesos in order to stop the revaluation of the peso and to ease the achievement of keeping the inflation under the 19-percent mark. Finance Minister Rudolf Hommes has said this will cause the budget deficit to drop to only .16 percent of the gross domestic product. The government will subtract 171.8 billion pesos from operation costs; 50 billion pesos will be saved in foreign debt payments and 98 billion pesos in investment. (Santa Fe de Bogota EL TIEMPO in Spanish 22 Jan 94, p 1B)

The National Administrative Department of Statistics (Dane) and the National Customs and Tax Directorate have reported that while imports grew by 49.7 percent in the first 10 months of 1993, exports grew by only 2 percent. Imports amounted to $8.08 billion, compared to $5.403 billion over the same period in 1992. The increase in imports was due mainly to the boom in the construction sector; coal was the only traditional export product that achieved a growth. Coal exports grew from $429 million over the first 10 months of 1992 to $463 million in 1993. (Santa Fe de Bogota EL TIEMPO in Spanish 27 Jan 94, p 1B)

Antonio Pretelt Emiliani, president of the Colombian Coal Enterprise (Carbocol), announced on 27 January that Carbocol will be put on sale this year and that, although the evaluation that will allow the authorities to set its minimum price is yet to be carried out, its approximate value is $1 billion. Pretelt confirmed the government is willing to privatize the state-owned portion of the Cerrejon coal mining complex, which includes part of the railroad and the port. He also said the enterprise has reduced its liabilities by $900 million and now has only $800 million in debts. The Cerrejon Mine exported 13.8 million tons of coal during 1993 for an amount of 371.570 billion pesos ($464 million). (Santa Fe de Bogota EL TIEMPO in Spanish 28 Jan 94, p 2B)

On 1 February Dane announced the inflation rate for January. It was 3.15 percent, which is less than the rate for January 1993, when inflation grew by 3.24 percent. The cost of transportation increased by 9.23 percent, and the cost of food increased by 3.94 percent. (Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 2 Feb 94)

An economic report released by the Invest in Colombia Corporation states that foreign investment in Colombia increased by 24.6 percent in 1993 as compared to 1992. The majority of foreign investment went into the manufacturing sector, which received $198 million. The report states that some of the countries that invested the most in Colombia in 1993 were the United States, with 57.7 percent; Venezuela, with 15.1 percent; and Panama, which invested $49 million. The European country that invested the most was Sweden, with $27.7 million. (Mexico City NOTIMEX in Spanish 1753 GMT 2 Feb 94)

Roundup of Electoral Developments
PA0302221794

[Editorial Report] The following is a compilation of reports on developments related to the Colombian elections, scheduled for 8 May.

Humberto de la Calle, Liberal Party presidential hopeful, has responded to former President Alfonso Lopez, who said the presidential hopefuls had not expressed their position on the exchange rate. De la Calle reminded Lopez that when he spoke before the National Federation of Businessmen, he said that "the next administration must balance its public finances because it is the only way we can avoid continuous currency reevaluations and maintain low interest rates." (Santa Fe de Bogota EL TIEMPO in Spanish 24 Jan 94 p 7A)

Ernesto Samper Pizano, Liberal Party presidential hopeful, committed himself to promoting agricultural activities and the tourist free zone and to developing the Magdalena region. Samper seeks to "promote products abroad and reactivate the agrarian fund, the national rehabilitation plan, and the IDEMA [Agricultural-Livestock Marketing Institute], which are pillars of the country's agricultural sector." (Santa Fe de Bogota EL TIEMPO in Spanish 24 Jan 94 p 7A)

Carlos Lemos, former Colombian foreign minister and Liberal Party presidential hopeful, said on 25 January that if Colombia and Venezuela really want to resolve their border differences, they must accept arbitration by a third party." A high-level bilateral commission appointed by the presidents has submitted a report to the two governments with its recommendations. (Paris AFP in Spanish 2106 GMT 28 Jan 94)

Andres Pastrana Arango, leader of the New Democratic Force, has confirmed that he will launch his presidential campaign on 10 February. He will tour 192 municipalities of Antioquia only 87 days before the elections. (Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0130 GMT 31 Jan 94)

Carlos Lemos, Liberal Party presidential hopeful, has stated that liberalism is being handled foolishly. In a statement made only two months before the elections, Lemos said the party must state its position regarding the concentration of wealth in Colombia. For his part, Ernesto Samper agrees that the party must be reformed but says "liberalism has shown its willingness to reform and modernize itself," unlike other parties. (Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 1 Feb 94)

Ecuador

Officials Firm on Price Hike; More Demonstrations Planned

PA0302164794 Quito Radio Quito in Spanish 1227 GMT 3 Feb 94

[Text] The government has asked the people to remain calm during today's protest. Government Minister Marcelo Santos has not rejected the possibility of the government using a mobilization decree in the case of public disorder during the strike.

The government minister called on the United Workers Front [FUT] to execute the strike peacefully to avoid endangering the people's safety. Santos said the national strike is absurd, and he noted that it does not affect the government but the country's production sectors and the workers.

Two government spokesmen have reported there is no going back on the price measures. Regarding the unconstitutionality suits filed with the Constitutional Guarantees Tribunal by several political parties, the government minister said he will defend the gasoline price hike within the extent of the law. He said the government will not derogate the price hike decree just because there are people demonstrating in the streets.

Finance Minister Cesar Robalino has stated it is not possible to modify the fuel price increase, and if someone in the government suggests it, he will oppose the motion.

Labor Minister Alfredo Corrales has said the government is studying the possibility of increasing workers' salaries in general.

National Congress President Samuel Bellettini announced that the National Congress will call on the economic front to explain the legal basis for the fuel price hike.

Meanwhile, FUT leader Juan Andrango said today's preventive strike has gained strength because it demands cutting back the gasoline price increase. Andrango told Radio Quito this morning that the Constitutional Guarantees Tribunal must suspend the fuel price increase, and he warned that if it does not, the strike will be maintained indefinitely. He said there will be an empty pots-and-pans march next week and an Indian demonstration demanding higher salaries. Labor, Indian, peasant, and student organizations representatives met and formed a grand front to coordinate the preventive strike. Today's strike will be followed by bigger protests of indefinite length, including another Indian uprising.

Luis Macas, president of the Confederation of Indian Nationalities of Ecuador, said this criminal and reckless measure has harmed everyone. He urged all sectors to join the struggle as the only remaining alternative.

Yesterday, there were street demonstrations throughout the country. Demonstrations cause extensive traffic jams, trouble for the people, and property damage. The police arrested 16 adults and 53 minors in different parts of the country.

Chambers of commerce have appealed for peace and talks as valid alternatives to overcoming the problem. The industrialists regret that the government's failure to put public finances in order has resulted in the adoption of measures that negatively affect the various economic sectors.

This morning, Quito Chamber of Commerce President (Nicanor Calixto) told Radio Quito that the private sector is worried about the high cost of fuel because this negatively affects the national economy.

(Calixto) criticized the president of Congress for calling for protests throughout the country and favored Finance Minister Cesar Robalino going to Congress to explain why the government has implemented this measure.

Meanwhile, Social Christian Party Deputy Heinz Moeller thinks the strike is a valid method for protesting the exorbitant fuel price increase decreed by the Duran-Ballen administration. He criticized the labor minister for saying there is an environment of unruliness in the country.

Strike Paralyzes Quito; No Violence Reported

PA0302140894 Quito Solar Radio Network in Spanish 1304 GMT 3 Feb 94

[Text] Quito's streets are totally paralyzed. No violence has been reported, but our correspondents in all of the provinces and throughout Quito indicated the strike has been in effect since this morning. The strike by workers, teachers, students, Indians, and other segments of society was called to demand the repeal of the increase of as much as 70 percent in the price of gasoline.

After the first two hours of this protest action, which has been described as preventative, there is a complete absence of public transportation; there have been no outbursts of violence; and all activities are suspended, even within the oil sector. Government Minister Marcelo Santos has appealed to the sensibility and understanding of the Ecuadoran people, but he did not rule out the possibility of a decree ordering a military mobilization if such a move becomes necessary.

So far, the toll of the student protests prior to today's strike amounts to 70 people arrested; 10 people injured, including both policemen and students; huge monetary losses; and the destruction of private property. In addition, the members of the economic team may face an interpellation.

A pot banging protest has been announced for Monday. On Tuesday, Indians will go on a nationwide stoppage. The economic measures have dealt a hard blow to the economy of the people, and protests are increasing.

Picketing Closes Streets in Quito; Clashes Reported

PA0302153494 Madrid EFE in Spanish 1420 GMT 3 Feb 94

[Text] Quito, 3 Feb (EFE)—Ecuador has been partially paralyzed today during the first few hours of a nationwide strike called by labor federations and other sectors to protest gasoline price increases of up to 71 percent. In Quito and other cities, mass transportation has been reduced considerably, and thousands of people are walking in the main streets, some going to work while others head to participate in demonstrations scheduled for today.

Local media estimate that only one out of 10 buses is providing service this morning. The few buses circulating are filled with passengers hanging out of doors and even windows.

Picketing has closed several main streets in Quito since early this morning, and it has prevented the circulation of private cars, whose number is fewer than normal. In some provinces in the Andean region, demonstrators have closed national highways. Military and police units are protecting many intersections and main streets, where some clashes with demontrators have already taken place.

Disturbances have not ceased in Quito for a week to protest the government's increase in gasoline prices. Police sources are reporting dozens of people are being injured and arrested every day, but there has been no official report giving overall figures.

The strike has been felt with greatest force in the industrial sectors of the capital and other cities in the Andean region. According to local media, the strike has not been felt as strong in Guayaquil, Ecuador's most populated city with 2 million residents.

Roads to Legislative Palace Closed; Protests Continue

PA0302173994 Quito Cadena Ecuador Radio in Spanish 1538 GMT 3 Feb 94

[Report by Eufemia Salazar and Jorge Ivan Melo from downtown Quito]

[Text] [Salazar] Roads leading to the Legislative Palace have been closed to traffic. Workers are picketing—primarily workers from [words indistinct] municipal, Eugenia Espejo Hospital, and Isidro Ayora Maternity Hospital, who are blocking normal traffic and transportation.

Social Security Fund workers have also taken to the streets to protest the government-decreed increases in gasoline prices. Transportation has come to a virtual standstill. Pedestrians [words indistinct] groups of workers also are walking through the capital's streets to demonstrate. In general, operations of most businesses and commercial outlets are limited.

We have statements by workers from Quito Electric Co. who say that so far, in the first hours of the strike, the strike by the FUT [United Workers Front] has been absolutely successful.

[Begin unidentified worker recording] [words indistinct] we must protest [words indistinct] because this kind of measure adopted by the government adversely affects the people. Indeed, the government has betrayed us and is betraying [words indistinct]. This is the reason we are protesting, and we will continue to protest as long as [words indistinct] and eliminates measures on gasoline. [end recording]

[Salazar] Workers from Eugenio Espejo Hospital and Isidro Ayora Maternity Hospital also made statements favoring the FUT strike. Let us listen to the head of the Eugenio Espejo Hospital union:

[Begin recording] [Unidentified union leader] We feel as [words indistinct] these latest measures have worsened the economic crisis, not only for workers but also for citizens. We are here seeing that the patients are getting worse attention; they are going to die here [words indistinct]. We reject the government measures and ask that they be repealed as soon as possible, because workers will take this strike to its ultimate consequences [words indistinct] in a preventive manner. We are going to adopt more radical measures, just like the government is applying radical, terrorist, and criminal measures against the people and against the working class.

[Unidentified reporter] Will you observe the call made by the FUT for a general strike?

[Worker] Regrettably we [words indistinct] we believe that [words indistinct] commitment with the government. We, as workers, will adopt our own measures. We heard this was a day of protest and we have come out to protest. [end recording]

These were the statements by the president of the Federation of Eugenio Espejo Hospital and Isidro Ayora Maternity Hospital Workers. Now, Jorge Ivan Melo has this news bulletin:

[Melo] Greetings to Radio Quito and Ecuador Radio Information System listeners throughout the country.

We are here near the Central Ecuador University, where students and police have clashed in recent days. We see very few university students in the area or nearby streets. They are burning tires and logs, and they are chanting slogans against the government for increasing gas prices by 70 percent.

On 10th of August Street and Carrion Avenue, where the Foreign Relations Ministry is located, there are some students accompanied by workers burning tires and logs. They have blocked traffic, and all vehicles have disappeared from this part of town. We can also report that only some stores in areas near the university are open.

Government Spokesperson Reports Calm in Quito

PA0302181394 Quito Radio Quito in Spanish 1634 GMT 3 Feb 94

[Telephone Relay by Patricio Gonzalez]

[Text] Because of strict security measures established around the Presidential Palace, no one can approach the area unless he can justify his reasons entering the building. Municipal workers, however, have arrived at the Municipal Palace building and are staging protests outside. They have said they will support any measure decided on by the United Workers Front [FUT] and labor organizations.

In Quito, demonstrations and clashes between the National Police and workers and students are slowly gaining strength, specifically in the Theater Plaza near the Ecuadoran Federation of Classist Organizations headquarters where some labor leaders are protesting. The protest is gaining momentum in nearby areas. People are blocking traffic in the El Tejar tunnels. Students and workers are sporadically gathering, and when they are dispersed, they gather somewhere else to continue their protests.

There is absolutely no transportation in downtown Quito. There is no means of transportation in the historic part of the city. Taxis have disappeared. In the [word indistinct] area, where buses were circulating, they have disappeared given the growing demonstrations.

This is where the bus drivers union, the Pichincha Drivers Union, is located. It has also been attacked by people who are protesting. Diverse sectors have rejected the transportation sector's attitude, which has not joined the strike. In the historic part of the city, the strike is all encompassing. We can observe hundreds of people walking through the historic part of the capital.

Businesses and banks have closed their doors due to protests and clashes between the police and workers. Also, people cannot go about their daily business activities. We were able to contact Roberto Paz, government under secretary and president of the National Traffic Council, who made statements assessing what has taken place in this strike by the FUT. According to the government spokesperson, everything is normal throughout the country.

[Begin recording] [Paz] Reports we have indicate that the disturbances are under control, especially in the [word indistinct] and the places where students are present.

[Unidentified reporter] Have there been clashes?

[Paz] No, there have not been any clashes with the police, according to reports we have received. We hope there will not be any either. We urge the strikers to conduct the strike in a calm manner to prevent further disruptions. [words indistinct]

Government Minister Sees 'No Reason' To Decree Mobilization

PA0302175994 Quito Cadena Ecuador Radio in Spanish 1707 GMT 3 Feb 94

[Report by Patricio Gonzalez from the "Informative Antenna" newscast]

[Excerpt] [passage omitted] The government is making its first assessments of the situation of the nationwide strike. Government Minister Marcelo Santos Vera expressed a few minutes ago that it is not necessary to declare a state of mobilization [estado de mobilizacion] in the country, because protests have not been violent. He said the situation is calm—a view we do not share. Let us listen:

[Begin recording] [Santos] We are receiving constant reports on the strike. Obviously, the situation is not normal. Urban transportation has been largely reduced in some of the most important cities of the country. There are demonstrations. There is uncertainty. Nevertheless, I do not think this should take us to the extreme point of thinking about more drastic measures.

[Unidentified reporter] [question indistinct]

[Santos] Not so far. As the situation now stands, there is no reason to decree a mobilization. We do not know the plans of the FUT [United Workers Front] leaders. I hope that in response to appeals from government officials and media representatives, they conduct their protests peacefully. [passage omitted]

Police Colonel Says 'Everything Under Control' With Strike

PA0302191294 Quito Cadena Ecuador Radio in Spanish 1726 GMT 3 Feb 94

[Interview with Police Colonels Miguel Angel Vasquez and Carlos Trujillo by an unidentified reporter in Quito on 3 February; from the "Informative Antenna" newscast—live or recorded]

[Text] [Reporter] We are here with Colonel Miguel Angel Vasquez [words indistinct] We would like to know the details of how the strike decreed by the United Workers Front [FUT] has progressed.

[Vasquez] I can give you an up-to-the-minute evaluation of how the strike is progressing. Regarding the police actions, we may say that everything is under control. The roads have been cleared, including the Panamerican Highway.

The five provinces comprising the third district, such as Azuay, Loja, Canar, Zamora, and Morona, are also clear; consequently, commercial and administrative activities in those provinces are being carried out normally. There are demonstrations and street protests, which have been definitely brought under control.

Police are carrying out a very specific task of prevention, avoiding direct contact with demonstrators, who sometimes become aggressive. To avoid additional problems, the police are taking precautions to avoid confrontations.

[Reporter] [Words indistinct] reports that police have attacked a youth; this has caused resentment from [words indistinct] citizens. What is the police version of this case?

[Vasquez] I think citizens and the media are well aware of our duty. If one of these demonstrators attack and hurl Molotov cocktails at policemen, the police must react. We cannot let ourselves be attacked physically. We were forced to act, but this youngster was never treated with brutality. He was simply overpowered and arrested and was submitted to authorities.

We are examining our policemen's injuries to report them to the media. Medical examinations are being taken now.

[Reporter] What happened to General [words indistinct] developed the strike decreed by the FUT in this city. Colonel Carlos Trujillo is also here. He will analyze [words indistinct] regarding police measures.

[Trujillo] We will continue to implement the same provisions issued by the General Command and the [words indistinct]. Our police duty will be to prevent crimes. We hope citizens understand what are our duty and responsibility. We did not come out to hurt anyone. We must be viewed as representatives of public order and peace. We will come out and exercise control over the city and demonstrations. We will not move against demonstrators as long as they do not attack other individuals or public and private property.

Government Bulletin Says 130 Arrested in Disturbances

PA0302204394 Madrid EFE in Spanish 1823 GMT 3 Feb 94

[Excerpt] Quito, 3 Feb (EFE)—According to an official government bulletin, 10 policemen have been seriously injured and 130 demonstrators have been arrested in Ecuador within the past seven days as the result of disturbances in several cities prompted by an increase in gasoline prices. The bulletin was released today, with the country partially paralyzed by a general 24-hour strike called by labor unions and other sectors demanding that the government repeal the higher gasoline prices.

Several Quito radio stations have reported numerous clashes betweeen demonstrators and police in Quito, Cuenca, Guayaquil, and other cities during the morning. The police bulletin gave no figures for injured or arrested demonstrators [as received], but witnesses and the media are reporting that they run into the hundreds.

Leaders of the United Workers Front [FUT], the country's largest labor federation, said at noon that the strike is "widespread." FUT President Edgar Ponce said in a news conference that "the response has been very positive." He declared that, if the government fails to repeal the gasoline price hike, another strike, this time for an "indefinite time," will be called. [passage omitted]

Disturbances Continue Despite 'Massive Police Presence'

PA0302222594 Quito Radio Quito in Spanish 2128 GMT 3 Feb 94

[Text] Despite the massive police presence in the city and the announcement made by the government minister that a militarization of the country had not been ruled out, the people were not frightened and disturbances continued as demonstrators threw sticks and stones and burned tires.

Based on statements made by several people, we surmise that the population is angry because although economists close to the administration say that the increase in the price of fuel is the best way to collect funds for the treasury without having a major effect on the increase in the price of other articles, the theory does not work in practice because even before the economic package was implemented, prices began to rise rapidly, thus adversely affecting the prices of basic foods in several cases.

The outlook at the marketplace was disheartening. Vegetable prices doubled and sometimes tripled. The increase in the price of gasoline, according to some experts, will also lead to an increase in medical fees, medicines, education, plane tickets, and other goods.

Labor Minister Says 50 Percent of Workers Observing Strike

PA0402002594 Quito Radio Quito in Spanish 2232 GMT 3 Feb 94

[Report by Jorge Melo from National Congress in Quito—live]

[Text] Alfredo Corral Borrero, labor and social resources minister, has stated that 50 percent of employees at businesses, enterprises, and factories have halted their activities in response to the appeal issued by the United Workers Front [FUT] and other labor groups. The minister refrained from saying whether the national strike had been a success or a failure but asserted that such actions will not solve the country's critical problems.

[Begin Corral recording] Transportation workers have not joined this drastic measure, nor have construction workers. As far as this ministry is concerned, that is, speaking strictly about labor issues, the reports we have received from all labor inspection offices throughout the country indicate there has been a partial work stoppage at businesses, enterprises, factories, and so forth. Some cities have been more affected than others. If we establish an average evaluation for the work stoppage, we can say that it is approximately 50 percent. That implies that

the other 50 percent of the workers have been working and continue to work despite the strike decreed by the FUT. Information received from the country's agrarian and livestock areas indicates that everything dealing with the labor sector has proceeded normally. Consequently, labor activities in the countryside are normal. [end recording]

Labor Minister Alfredo Corral also said that social compensations include the freezing of urban transportation service fares and a possible increase in some of the components of the Ecuadoran workers' salaries. [sentence as heard]

Government Minister Gives News Conference

PA0402034594 Quito Voz de los Andes in Spanish 2255 GMT 3 Feb 94

[News conference by Government Minister Marcelo Santos with unidentified reporters at the Government Palace in Quito; broadcast in progress; all reporters' questions are indistinct—live]

[Summary from poor reception] "...I hope that in the next few days—as I have already announced [words indistinct] in other sectors of the Ecuadoran community—none of those [word indistinct] or demonstrations will generate violence. Such was the case today, because there was none of that anywhere in the country. I think the public force has displayed a temperate attitude in controlling demonstrations, but I also think that there have been regrettable and condemnable (?acts) executed probably by agitators, extremists, and people who [passage indistinct] that prompted the Workers Front to declare a national strike."

Through you, I want to thank the country for its behavior. I want to thank the large number of Ecuadoreans who, as I saw on television, did everything possible to go to work in the early hours. "That is what Ecuador needs; that is what the government demands from the Ecuadoran people; that is what the government does to benefit the Ecuadoran people: work."

Our efforts are directed at finding ways to develop the country. "To achieve this, sometimes we must take on the responsibility of adopting harsh, drastic measures." However, most Ecuadoreans today showed their willingness to work. The transportation workers went to work in large numbers early today while there were still no demonstrations on the streets.

As of now, there are virtually no demonstrations. According to information furnished by the Police, at least 50 percent of the transportation vehicles are circulating. If you have different information, we could estimate an average and reach an agreement about this. I am not claiming that this was the case throughout the day. "There were times when there were obviously no means of transportation on the streets, but now, if you go out into the streets, you will see that there is increasingly more traffic circulating."

"That is good, because it will allow those who found it difficult to get to work this morning to return home more easily." I want to tell the country that the government is pleased. It is thankful to the Ecuadoran citizens for their behavior. There have been no tragic developments in the form of violence, loss of life, or major destruction.

These types of actions, no matter how legitimate they might be, are not the best way to achieve goals because they actually cause irreversible losses for the country. "What the country loses in one day of paralysis cannot be recovered by redoubling efforts over the following days. The loss remains."

Genuine opposition in a genuine democracy is not destructive, it is not negative. Opposition is a basic, significant element that is inherent to the democratic system. It is unacceptable, however, when it is accompanied by a negative position, a position closed to reasoning or dialogue, much less to a violent position.

The government has the serious responsibility of managing the country. Our society has had a sick economy. "We have had to adopt measures directed at making the Ecuadoran economy healthy again. This will benefit everyone. We think we have a qualified economic team." We have been attacked for certain reasons and from various fronts. The sectors that have attacked us, however, admit that we are handling economic policy correctly.

After lowering inflation to less than 30 percent in a year and six months when the previous government could not do it in four years, we have rights. "We have managed to lower interest rates, and we have maintained a stable exchange rate. We have the right to tell the country that our economic performance is adequate, that it is well directed, and that we will maintain it as long as we do not reach the clear conclusion that it is not working well, that it must be changed or readjusted."

I received a report about half and hour ago. As for detainees, the Police force reports that 17 adults and 16 minors were arrested in Quito, and (?two) were arrested in Puerto Viejo. There were no other arrests. "These persons will obviously be turned over to the proper authorities to see that they are tried in keeping with their accountability." As for violence, several people have been injured by stones.

As for the complaints filed before the Tribunal of Constitutional Guarantees, the government presented its position through legal channels. We think that the sole measure adopted by the government—because we cannot talk about measures—was to increase gasoline prices. This measure was in keeping with current regulations and in keeping with the hydrocarbons law that was reformed days ago.

"We think that this was done legally and technically. We think this measure will solve the most serious budget problems that were facing the Ecuadoran state and seriously affecting the economy. With the awareness that

things are being done correctly and hoping that they will yield results, the government is neither inclined nor has it any reason to think of backing down or withdrawing this measure.

"You mentioned possible subsequent acts, uprisings with unpredictable consequences, but I dare say that today's strike gives us an idea of what future actions could entail. We have held talks with the FUT [United Workers Front], and despite today's developments, we are willing to continue meeting with its leaders to discuss certain points that were touched upon during a meeting with the president of the Republic last week, and even to discuss overall aspects of the handling and development of our governmental policy and the FUT's actions, presence, and responsibility in the development of national life."

Obviously, we have the same willingness toward the Indians. I have read about an Indian mobilization scheduled for Tuesday and Wednesday of next week. It is said that there will be no violence; that the mobilization will be limited to certain actions on the streets and highways.

The National Transit Council two days ago adopted a measure for Ecuadoran families that is much more constructive than any salary compensation. It refrained from increasing transportation fares. Instead, it increased subsidies to promote the modernization and development of transportation laws. This is a very important social measure. "All the effects that the national government plans to achieve through the correct application of the economic policy, which will be facilitated by the decision made last week, constitute a social policy, because it is directed mainly at ensuring that the state has the resources it needs to create jobs through public projects and to meet Ecuadoreans' education, health, and social welfare needs."

"The subsidy is not granted to transportation workers but to the population. The transportation workers are paid so the population will not have to pay higher fares. Consider what an increase of 50 sucres in urban transportation means to each person and each family over the course of a week or a month." The government cannot promise that there will be any measure regarding the salaries to neutralize the effects of the action taken last week.

It is easy to say we will give compensation, but that is irresponsible. We must look at the overall picture, we must look at the interrelationship between economic and social aspects. This should never be neglected.

FUT Leader Terms Strike 'Plebiscite' on Government Policies

PA0402041394 Quito Voz de los Andes in Spanish 2300 GMT 3 Feb 94

[Interview with United Workers Front President Edgar Ponce by unidentified reporter on 3 February; place not given; from "The Voz Andes" newscast—live or recorded]

[Text] [Ponce] The Ecuadoran people went on strike and expressed themselves in the streets, villages, and cities of our country. They rejected the government's economic policies, especially the increase in fuel prices, which has adversely affected the people's pockets. Those who tried to de-emphasize the people's response did not realize that there is a social commotion throughout the country brought on by the devastating economic measures. Consequently, this preventive strike is a warning to the government that if it does not change its economic model, if its does not rectify its measures, the struggle will continue. That is the great message the Ecuadoran people, workers, peasants, Indians, housewives, and all those who actively participated in the national strike want to send.

I would not describe the strike as successful. I would say it is a national plebiscite in which the majority of the Ecuadoran people assumed their responsibility and showed their willingness to continue with the struggle.

[Reporter] According to the labor minister, only 50 percent of all workers participated in the strike. What is the workers' point of view?

[Ponce] I believe certain officials are being irresponsible when they try to play down the workers' strike. Maybe he has different ways of measuring strike participation. Should we start suspending the pumping of potable water and oil and suspending electricity and telephone service so they will admit that the strike was successful? That is not the real way to measure the people's protest. We must point out that the media—which, by the way, have not been very supportive of the labor movement—had to recognize that the people were mobilized at the national level and showed signs of patriotism. The people issued a warning that if the president of the Republic does not change his ways on the economic front, if the vice president does not stop provoking the people as he did yesterday when he announced more economic measures, they will really be forcing the Ecuadoran people to react.

[Reporter] What would the reactions be?

[Ponce] Mobilizations, strikes, and marches. We are going to open up room for dialogue, which will allow us to move on. The workers are making a call to all patriotic sectors, to all sectors committed to the highest interests of the Ecuadoran people, to find solutions. As for the specific case of the fiscal deficit, there are solutions. Today we heard a series of political leaders, analysts, and deputies say there were solutions and that there was no need to increase fuel prices, but the arrogance of the government's economic team, their attitude of provocation, their disregard for the Ecuadoran people is unparalleled. They are really being irresponsible, therefore the struggle will continue in a much more organized manner.

[Reporter] According to the reports you have received, are workers being arrested or repressed?

[Ponce] We are currently collecting all the information. It is almost ready, but we can say that there has been repression, arrests, injuries, the occupation of buildings, and a series of incidents that have resulted from the actions of public order personnel. Actually, they were trying to downplay the effects of this popular, national movement.

Gasoline Station Attendants, Utility Workers Join Strike

PA0402023794 Quito Radio Quito in Spanish 0127 GMT 4 Feb 94

[Text] The third general workers' strike during this administration took place amid at atmosphere of uncertainty and concern. The strike was called by the United Workers Front [FUT] as a protest against the rise in fuel prices. Government Minister Marcelo Santos and FUT President Edgar Ponce expressed different viewpoints about the strike this morning and disagreed about the extent of its observation by workers. While the former said the country's workers woke up to go to work, the latter said the strike was a success and that the people rejected the rise in fuel prices.

Gasoline station workers joined the strike by suspending the sale of fuel, while (?power company) workers who had also joined the strike decided to provide service.

Marcelo Ramon, president of the Federation of Oil Industry Workers [Federacion de Trabajadores Petroleros], said that since they are nice people who love the country, they did not stop working in the refineries and oil fields.

Roundup of Economic Developments Through 2 Feb

PA0302144494

[Editorial Report] The following is a compilation of reports on Ecuadoran economic developments monitored through 2 February. Source is cited in parentheses following each item.

In a news conference, the director of the National Institute of Statistics and Census reported inflation in January was 1.75 percent, the lowest since 1982. He added that the accumulated inflation rate for the past 12 months totals 29.14 percent, which is also a record, the lowest amount in the past seven years. (Mexico City NOTIMEX in Spanish 2058 GMT 31 Jan 94)

Paraguay

Government Conditions U.S. Military Aid Offer

PY0302200994 Asuncion ABC COLOR in Spanish 2 Feb 94 p 8

[Excerpts] In a long letter signed by Foreign Minister Luis Maria Ramirez Boettner that was sent to U.S. Ambassador Glassman, the government headed by President Wasmosy questions the U.S. offer to send 600 servicemen to Paraguay to carry out an engineering project in San Pedro Department, and subjects it to the granting of immunity and privileges. The Paraguayan Government believes these privileges should be the same as those established by the Vienna Convention on diplomatic ties. Ramirez Boettner's letter responds to a letter Glassman sent to Wasmosy.

The letter states that the government has studied very closely the offer encompassed in the "Agreement between the United States of America and the Paraguayan Government on joint exercises known as Strong Roads 1994-South" and the "Memorandum of Understanding between the U.S. State Department and the Paraguayan Public Works and Communications Ministry." The Paraguayan Government expresses its thanks for the U.S. "interest" in building six schools, six wells, and one clinic in San Pedro Department.

"After a careful study of this operation, the value of which is not specified anywhere in the two aforementioned documents although the annex establishes that the amount is 'to be specified'—while statements to the radio and the press Your Excellency has said it will total $12 million—we wonder if the amount will be invested in Paraguay through the works encompassed in this project, or if it represents the total cost that the United States will spend deploying 600 U.S. Army servicemen to Paraguay, the equipment (which will not be donated to Paraguay), and the maintenance of the personnel. In this case, it does not constitute cooperation for Paraguay but the financing of what the agreement calls 'Joint Exercises' conducted in Paraguay." [passage omitted]

After stating that the requirements of the Americans for their arrival are "very costly," the Government insists that Paraguay "would be allocating far more resources than the United States." [passage omitted]

On the agreement to allow the entrance of U.S. servicemen, among other things, the government proposes "that the Paraguayan Army be the counterpart of the joint exercise, for which a sapper battalion will be designated; that the value the technical cooperation program be specified; that Congress authorize the arrival of the troops with their respective arms because this affects our country's sovereign rights; that the joint exercise will be carried out only in the areas specified, including ports, airports, and Paraguayan air space, clearly specifying the number and characteristics of the planes or helicopters to be used; and that the import of arms be restricted." The letter to Glassman also states that if these conditions are not met "It may be convenient for the Paraguayan Government to carry out these works with its own resources, without the cooperation of your country."

Roundup of Economic Reports

FY0302223894

[Editorial Report] The following is a compilation of reports on economic activities in Paraguay monitored through 3 February; source is in parentheses following each item.

The Central Bank reported that the public internal debt increased 21 percent in 10 months. It went from 1.1 billion guaranies in December 1992 to 1.3 billion guaranies in October 1993. (Asuncion ABC COLOR in Spanish 30 Jan 94 p 17)

The Central Bank reported that the debt owed to multilateral organizations, the Paris Club, and international banks decreased 1.8 percent in 1993. It dropped from $1.249 billion in December 1992 to $1.227 billion in December 1993. (Asuncion ABC COLOR in Spanish 30 Jan 94 p 17)

On 2 February, the Central Bank reported that the consumer price index increased 3.1 percent in January, compared with December when it was 1.2 percent. The inflation rate in the last 12 months totals 20.5 percent. Food, beverage, and tobacco registered the highest increase with 2.3 percent; housing, 6.5 percent; clothing, 0.5 percent; and other expenses, 2.7 percent. (Asuncion ABC COLOR in Spanish 3 Feb 94 p 13)

Peru

Paraguay's Wasmosy Holds News Conference, Departs

PA0302164894 Lima Global de Television Network in Spanish 0100 GMT 2 Feb 94

[From the "Global TV News" newscast]

[Text] Paraguayan President Juan Carlos Wasmosy returned to his country this afternoon at the end of his two-day visit to Peru. Peruvian President Alberto Fujimori bid farewell to his colleague in a formal ceremony at the headquarters of the 8th Air Group. Before leaving, the Paraguayan president held a news conference in which he said relations between the two countries will be strengthened and that the fight to eradicate poverty and drug trafficking can only take place with the unity of our countries.

Pleased to have paid a two-day official visit to Lima, Paraguayan President Juan Carlos Wasmosy told the media the following about the fight against drugs:

[Begin Wasmosy recording] This scourge cannot be fought alone. All countries must join forces. These include producing countries, which must seek alternative crops; countries used for trafficking drugs; and countries that serve as drug markets, which represent the most serious problem. The countries that are drug markets are the ones that encourage drug traffickers to seek this trade to earn a living.

I would like to take this opportunity to send a fraternal hug to the Peruvian people from this brother Paraguayan, who loves you and who hopes to get to know you better. United, we can all work for a better America, including Central and North America. Thank you very much. [end recording]

At the end of the news conference, the Paraguayan president went to the 8th Air Group, where President Fujimori was waiting for him. Both presidents reviewed the troops stationed in the area. After the playing of both national anthems, the 22 members of the official Paraguayan delegation bid farewell to President Fujimori; the Armed Forces and police generals; and the foreign, economy, and education ministers.

At 1730, Wasmosy, accompanied by Fujimori, ascended the stairs of the Paraguayan Airlines plane, where both presidents gave each other a fraternal hug. Finally, just before entering the plane, a smiling Paraguayan president waved and bid farewell to our country for the last time.

Roundup of Economic Developments Through 2 Feb

PA0302195594

[Editorial Report] The following is a compilation of reports on Peruvian economic developments monitored through 2 February; source is in parentheses following each item.

The National Bank will finance $40 million, which the Transportation, Communication, Housing, and Construction Ministry will use for infrastructure works. According to an executive decree published in the newspaper EL PERUANO, a joint operation between the two institutions to use funds from a loan granted by the Export and Import Bank of Japan was authorized. (Lima Radio Programas del Peru Network in Spanish 1800 GMT 26 Jan 94)

Economy and Finance Minister Jorge Camet has said the U.S. Government will reportedly pay in two weeks the first $30-million installment, which was promised in an agreement signed with the Support Group. He has added this was made possible thanks to the recent visit by Alexander Watson, assistant secretary of state for Inter-American Affairs. Camet has also said the January inflation rate reached 1.8 percent and that there will be salary raises in 1994. (Lima Global de Television Network in Spanish 0100 GMT 1 Feb 94)

Felix Murillo, National Statistics and Information Technology Institute chief, has said power, water, housing, and fuel services, which grew by an average of 4.1 percent, are the sectors that increased the most. The food sector grew by only 1.1 percent. Murillo said this prompted a compensatory effect in the January inflation rate, which reached 1.84 percent. (Lima Radio Programas del Peru Network in Spanish 1800 GMT 1 Feb 94)

Raul Otero, Special Privatization Committee member, has said the international bidding for the sale of the Hilo Copper Refinery was declared vacant, because there were no bids. The representatives of such international corporations as Maruven Inc., Mitsui, and Sauder Peru Copper Corporation have declined to submit bids, because they have claimed the $75-million base price was too high. (Lima Radio Programas del Peru Network in Spanish 1800 GMT 2 Feb 94)

Venezuela

Caldera Injured in Minor Traffic Accident

PA0302185194 Madrid EFE in Spanish 1805 GMT 3 Feb 94

[Text] Caracas, 3 Feb (EFE)—A day after his inauguration and following a military parade in his honor, Venezuelan President Rafael Caldera today was involved in a minor traffic accident as his vehicle was leaving the Plaza de los Proceres in Caracas.

According to eyewitnesses, a television cameraman, while filming Caldera's departure, approached a horse of the Honor Guard escorting the presidential car, spooking the animal and prompting it to rear.

According to sources close to the president, the president's chauffeur was forced to brake abruptly to avoid hitting the horse. In the mishap, Caldera received a blow so sharp that it broke his pen into three pieces.

The president, who complained about pain in his ribs, will be examined by doctors at the Miraflores Palace, seat of the Venezuelan Government.

Association Protests U.S., UK Actions on Fuel Exports

PA0402025794 Caracas Venezolana de Television Network in Spanish 0027 GMT 4 Feb 94

[Report by Ligia Moreno from "The News" newscast]

[Text] Anibal Martinez, president of the Pro-Venezuela Association, said that, unfortunately for our country, the U.S. Environmental Protection Agency's discriminatory decision against the 8 million liters of reformulated gasoline that Venezuela exports every day has coincided with the European Economic Community nomenclature committee's examination of Orimulsion's classification. Orimulsion is a new fuel developed by Venezuela that can be burned to generate electricity directly. This natural bitumen is obtained at our Faja del Orinoco site.

[Begin recording] [Moreno] Could you tell us Pro-Venezuela's reasons for rejecting the discriminatory actions against Orimulsion by the United States and the UK?

[Martinez] We are presenting a strong protest to the U.S. and UK Governments, through their respective embassies in the country, for the discriminatory treatment given, in the case of the United States, to the reformulated gasoline we export to that country, and in the case of the UK, for the unfriendly actions of the government against Orimulsion. The UK took an internal policy problem to the European Union and requested that Orimulsion, a new fuel developed by Venezuela, be inaccurately classified. [end recording]

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735,or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.